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Li Asserts Control, Presses Troops to Enforce Martial Law

By Nicholas D. Kristof
New York Times Service

BEIJING — Prime Minister Li Peng appeared on television Thursday night to declare that his government was in command, and there were more signs that he was gaining in the power struggle for control of China's future.

In a sign that a military solution to the crisis remains a possibility, Mr. Li also sent a letter to troops encircling Beijing, expressing hope that they "will overcome the difficulties confronting them" and "successfully impose martial law."

Mr. Li's appearance was the first by any of China's top leaders since the prime minister made a speech Saturday to call for a military crackdown on the nation's democracy movement. His re-emergence came amid further reports of attacks against the Communist Party leader, Zhao Ziyang, who favors conciliation with the demonstrators.

China's Foreign Ministry spokesman, Li Jinhua, said Thursday that Mr. Zhao was still general secretary of the party and that there had been no changes in the nation's top leadership. But there seemed to be a growing feeling that changes were likely soon, and that Mr. Zhao might be a casualty.

At stake is not only the careers of two men, but alternative visions of China. Mr. Li is a cautious, Soviet-trained technocrat who seems reluctant to depart too hastily from the quasi-socialist road on which China finds itself. Mr. Zhao is more enthusiastic about experimenting with capitalist-style incentives and with political liberalization.

While Beijing is full of rumors about the latest intrigues, the government has kept silent. The extraordinary edginess of the nation, as it waits for its future to be decided, recalls the power struggles of the Maoist days more than a dozen years ago, or even of the days when eunuchs and ministers competed for the ear of the emperor in the Forbidden City.

The American spirit pervades Tiananmen Square. Page 6.

There has been some modernization: Party officials now have telephones. However, in a throwback to the old palace intrigues, people dare not use the phones for fear they are tapped.

A working group of the Communist Party Central Committee met Thursday to try to resolve the political crisis, according to a party official, but the outcome was not known. The group included the governors and party secretaries from China's provinces and large cities, and it was expected to be asked to support criticism of Mr. Zhao, the official said.

In addition, the official said that a party group in the National People's Congress Standing Committee had made an internal decision that it was "premature" to call a meeting. While such a decision has no legal basis, it was seen as an attempt to block a committee meeting that some members are trying to convene to revoke martial law.

The head of the National People's Congress, Wan Li, arrived in Shanghai Thursday after cutting short a trip to the United States.

Mr. Wan has been regarded by many students as a heroic figure destined to return and convene a meeting to end martial law and oust Mr. Li. Instead, he remained in Shanghai, ostensibly for medical treatment, while the rest of his delegation continued to Beijing.

In his television appearance, Mr. Li seemed relaxed and confident as he met three newly arrived ambassadors to Beijing. The television

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Boris Yurchenko/The Associated Press

Mikhail S. Gorbachev, dwarfed by a statue of Lenin, at the opening of congress Thursday.

Kiosk

Haughey Calls Irish Election

DUBLIN (Reuters) — Prime Minister Charles Haughey of Ireland, seeking the overall majority that has always eluded him, on Thursday called a general election for June 15.

Mr. Haughey, his patience running out after six parliamentary defeats in two years for his minority government, made a brief announcement to deputies before asking President Patrick Hillery to dissolve the Dail, or parliament. His Fianna Fail party holds 80 seats of the 165 seats and needs only 3 to gain single-party control over all the opposition parties combined.

General News

Japan's Recruit inquiry is ending without indictments of leading politicians. Page 2.

The good life in America takes two paychecks. Page 3.

Weekend

Paris opera: A late season feast before what might well be next season's famine. David Stevens reports. Page 7.

Business/Finance

U.S. economic growth in the first quarter was revised downward to 4.3 percent. Page 17.

A Japanese company is buying into a British bank, for the first time. Page 17.

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Weather Page 2.

Dow Close
Down 1.28

The Dollar in New York

DM	1.9805
Pound	1.5905
Yen	141.205
FF	6.71

Gorbachev Is Assailed In Soviet Congress but Wins New Presidency

By Bill Keller
New York Times Service

MOSCOW — The Soviet Congress of People's Deputies began its experiment in parliamentary politics Thursday by electing Mikhail S. Gorbachev to the newly enhanced post of president, but not before the Soviet leader had endured an aggressive public interrogation about his policies, his ambitions and his privileges.

In a day that carried political *glasnost* to new heights, the Soviet leader heard himself likened to the imperious Napoleon, defended his use of a plush official country home in the Crimea and listened as a parade of deputies complained that his dual role as Communist Party leader and president would put too much power in one man's hands.

Mr. Gorbachev's rough passage — all of it broadcast live on national television — was the dramatic highlight of the opening of the congress, the first national assembly in seven decades in which most members were chosen in competitive elections.

The Soviet leader never really lost control of the proceedings, but the day of divided votes and brass-knuckle rhetoric was a startling departure from the puppet shows that have traditionally constituted Soviet government.

The congress is to continue at least into next week, selecting a standing legislature from its ranks, naming a prime minister and other top government officials, and setting the ground rules for a sweeping overhaul of Soviet law.

On several procedural votes that provided the first clues to how independent the new body will be, about 400 of the 2,250 deputies voted against the rules of order proposed by Mr. Gorbachev and a party-dominated working committee.

Warsaw gives details of Soviet-Nazi division of Poland. Page 2.

Mr. Gorbachev's election to preside over the new legislature as chief executive and head of state was never in serious doubt, but few deputies had anticipated that he would undergo a public trial.

Before the voting began Thursday night, a procession of deputies took the microphone to declare that while they admired Mr. Gorbachev, they felt his unopposed nomination for the presidency violated his own promises of greater democracy.

Alexander M. Obolensky, a little-known deputy from the Russian far north, offered himself as an alternative candidate to Mr. Gorbachev, arguing that competition should now be the norm in Soviet politics.

His sacrificial gesture was warmly applauded, and nearly a third of the deputies in attendance voted to include him along with Mr. Gorbachev on the final ballot for president.

In the end, 87 deputies voted against Mr. Gorbachev, most in protest against the fact that he was the only candidate on the secret ballot. He received 2,123 votes.

Several deputies tried to nominate Boris N. Yeltsin, the deposed Moscow party boss turned populist hero, to challenge Mr. Gorbachev. Mr. Yeltsin, citing the pressures of party discipline, declined the nomination but hinted strongly that he might be available for another of the offices to be filled in the coming days.

Deputies interviewed in the Palace of Congresses on Thursday suggested that Mr. Yeltsin might challenge one of two Gorbachev protégés — Anatoli I. Lukyanov, the expected choice as Mr. Gorbachev's first deputy, or Nikolai I. Ryzhkov, the prime minister.

Mr. Ryzhkov, who oversees the council of ministers, is considered potentially vulnerable because some blame him for the disappointing results of Mr. Gorbachev's economic program.

Throughout the day there were vivid displays of the nationalist passions now tearing at the unity of the Soviet Union.

A Russian from Latvia contended that Latvian nationalists had gerrymandered election districts in that republic to reduce the representation of the republic's large russian population.

Deputies from Georgia called on the congress to refuse to seat Colonel General Igor N. Radionov, commander of the Transcaucasus

See KREMLIN, Page 6

The Great Democracy Show

Soviet Viewers Revel as Congress Opens Live and Loud

By Francis X. Clines
New York Times Service

MOSCOW — It was live, in color and impertinent — and the people could not believe the wonder of it all.

'Ah, those questions — Gorbachev and Raisa will be crushed by them," exclaimed Andrei Trushin, as he turned away from the television.

He had been struck by audacity of a new member of the Congress of People's Deputies, who had just questioned Mikhail S. Gorbachev about the *dacha*, or country house, that he enjoys as the most privileged Communist in the Soviet Union.

"I want a yes or no," the deputy had declared from the rostrum, demanding that Mr. Gorbachev renounce the dacha.

The bold orator was watched silently by Mr. Gorbachev and by millions of television viewers who were moved to a kind of slack-jawed awe.

"Everybody says what they're thinking," Mr. Trushin said with delight. "That's why there are so many people here."

He gestured toward the crowd mesmerized before a half-dozen televisions Thursday at the Orbita appliance store off Smolensky Square, a short walk from the Kremlin where the congress was making history — at least for televised contunely.

In fact, the proletariat were glued to the tube all across the country, chuckling, exclaiming, absorbing the scene.

Far more than entertainment, the Soviet Union was witnessing an array of new faces and unusually forthright ideas pouring across the screen in an instant electronic introduction to a new political life.

Viewers turned to one another, moved by the new celebrities suddenly in their midst, particularly the unknown deputy named Alexander M. Obolensky who rose to offer his name as a challenger to Mr. Gorbachev's election as president.

Mr. Obolensky smiled, leaned easily at the rostrum and delivered a simple monologue about the need to finally create a nation of laws, beginning with letting no one, even Mr. Gorbachev, run unopposed.

Despite their sympathy, the deputies voted against allowing him to be put on the ballot.

It was remarkable television even within the one-party politics ultimately in control of Mr. Gorbachev. Under the bright lights, the yoke of dictatorship was in little evidence, except when the Soviet leader hurried speakers along and helped create a livelier show by demanding tight, one-minute speeches.

Mr. Gorbachev repeatedly displayed sensitivity to the cameras in the hall.

"So I don't look like a usurper, let's vote on it," he said, smiling at a deputy engrossed in a procedural disagreement.

His sense of imagery was clear when he took center screen as the congress opened and quickly called on Andrei D. Sakharov, the human rights leader, to address them all with some praise for *perestroika*.

Viewers appreciated this stroke of stagecraft, although Mr. Sakha-

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Beijing, Government on Hold

Leadership Crisis Imperils Major Diplomatic Initiatives

By Jim Hoagland
Washington Post Service

BEIJING — China's political and social turmoil is weakening Beijing's ability to play an active role in world affairs, diplomats and foreign policy analysts said Friday.

The diplomatic consequences of the turmoil could be as dramatic, or even more so, than the effect of the visit to Beijing last week by the Soviet leader, Mikhail S. Gorbachev, to normalize Chinese-Soviet relations, some of these analysts now believe.

The upheaval comes as the strategic partnership that China and the United States have developed in opposition to Soviet policies in Asia is already undergoing some strain because of Chinese missile sales to the Middle East, which Washington has opposed.

While Beijing-Washington ties remain strong, the Bush administration shows signs of fearing that the relationship is put at some risk by the bitter power struggle that has paralyzed the government and

NEWS ANALYSIS

by Mr. Gorbachev's success in normalizing relations.

Ironically, the apparent loser of the power struggle, Zhao Ziyang, the Communist Party general secretary, is the candidate favored by Washington and Moscow as well as most other foreign countries, according to Western and Asian diplomats.

Mr. Zhao, whose ouster is expected by Chinese and foreign observers within a matter of days, has been the official most closely associated with the economic liberalization and encouragement of foreign investment and trade over the past decade.

Mr. Zhao's downfall seemed even more likely Thursday night when Prime Minister Li Peng, his chief rival for power, appeared on Chinese television looking confident and assertive.

It was the first public appearance by any of the embattled leaders since Saturday, when Mr. Li declared martial law in a thus-far unsuccessful attempt to get the army to break up massive protests calling for the government to resign.

The film showed Mr. Li greeting a small group of foreign ambassadors. He reassured the diplomats about the "situation" in China, which he claimed was now under control.

The messages that the hard-line faction led by Mr. Li wanted the

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Mark Avery/The Associated Press

A student protester found a place to sleep in Tiananmen Square on a monument to the revolution.

Wright Seen Ready to Resign Even Without Deal

The Associated Press

WASHINGTON — House Speaker Jim Wright, Democrat of Texas, is considering resigning his posi next week regardless of whether the House ethics committee first agrees to drop charges against him, congressional leadership sources said Thursday.

Speaking on the condition of anonymity, the sources said the speaker had not yet made a firm decision to step down but the Democratic leadership was making arrangements for a resignation speech before the House next Wednesday.

"I think he just wants his day in the well" of the House, said one source close to the arrangements.

Democrats have begun speaking of a succession in which Representative Thomas S. Foley, Democrat of Washington, the majority leader, would move up to speaker as early as next week.

Mr. Wright remained secluded in his office Thursday, but he issued a statement indicating he was no longer counting on success from the efforts of his lawyers on Wednesday to convince the ethics committee to drop charges of financial improprieties against him in exchange for his stepping down, sources said.

"There is no deal now," the statement said. "There will be no deal in the future."

Mr. Wright's statement was issued as Republicans toughened their stance that any "plea bargain" in this instance would be improper.

One of Mr. Wright's allies in the talks, Representative Robert G. Torricelli, Democrat of New Jersey, said there were "no further discussions" Thursday, but called

See WRIGHT, Page 6

Dutch Unveil Drastic Plan on Pollution

By Edward Cody
Washington Post Service

THE HAGUE — The Dutch government on Thursday unveiled what it described as the world's most ambitious environmental protection plan containing drastic and costly controls aimed at solving the pollution problem within a generation.

The project, submitted to the parliament by Environment Minister Ed Nijpels, dramatized the extent to which the battle against pollution has become a powerful political issue in Europe, in some cases overtaking traditional concerns such as defense and social welfare.

In a symbol of this evolution, the governing coalition of Prime Minister Ruud Lubbers on May 2 became the first European government to fall in a crisis over the environment. The fall was caused by disagreements within the cabinet over a minor part of the plan that was presented Thursday.

New elections have been set for Sept. 6. A Dutch official said the environment was likely to figure prominently in campaigning.

Mr. Nijpels said at a news conference that the main advantage of the Dutch plan was that it sought to integrate all necessary measures in a long-term nationwide campaign with cost estimates for each chapter.

"In that way, I believe it is the first," he said.

He estimated that if it went fully into effect his plan would double the amount Dutch citizens spent to protect the environment over the next four years.

The plan calls for raising environment spending by 1994 to about 15 billion guilders ($8.2 billion) a year to reduce waste, control noxious emissions and clean up polluted water.

About 80 percent of the extra spending will be paid by polluters, meaning heavier taxes on diesel fuel for trucks, for example, or increased taxes for garbage collection, the Environment Ministry said.

Mr. Nijpels said the goal was to "to solve the problem in one generation."

Mr. Lubbers' Conservative-led coalition government fell apart three weeks ago because the junior Liberal Party partner opposed a section of the plan that would have canceled tax rebates for car owners.

The measure, designed to encourage use of trains and buses, was judged politically damaging by Liberal leaders, a ministry official said.

U.S. Cites Japan, Brazil, India on Trade Barriers

The Associated Press

WASHINGTON — The Bush administration, moving to implement the most controversial and feared section of the new U.S. trade law, has targeted trade barriers in Japan, Brazil and India as the most harmful to American companies, congressional and administration officials said Thursday.

The officials said the decision had been made to cite Japan for its refusal to buy U.S.-made satellites and supercomputers and its barriers on U.S. lumber products.

The officials said that India would be cited for its restrictions on foreign investment and foreign insurance companies, while Brazil would be cited for its import-licensing practices.

Carla A. Hills, the U.S. Trade Representative, was to formally reveal the administration's decision on the trade hit list on Friday, but the target countries and key congressional leaders were informed of the actions earlier.

Senator Max Baucus, Democrat of Montana, and chairman of the Senate Finance subcommittee on international trade, said after he was briefed that he was pleased with the administration's initial response to the requirements in the trade law.

"I think the administration deserves a passing grade. They are stepping up to the problem," Mr. Baucus said. "This is a good start."

Mr. Baucus said that in addition to naming Japan as a priority nation on the three alleged barriers, the administration also intended to begin negotiations with Japan on so-called structural rigidities in the country which impede U.S. sales.

Two congressional sources, who both spoke on condition that they not be named, said that the United States would list five countries for priority negotiations on the issue of failure to protect U.S. copyrights and patents.

They said that another 25 nations would be put on a watch list for possible inclusion in this category in November.

The listing of priority trade barriers was required by the 1988 Omnibus Trade Act, which directed the administration to issue a hit list of the most flagrant trade barriers against U.S. products.

The administration now has 18 months to negotiate the removal of the barriers. If those negotiations are unsuccessful, the administration can levy up to 100 percent tariffs against imports from an offending country, effectively doubling the price of goods from that country.

The trade list has stirred anger among U.S. allies, who charge that the unilateral listing by the United States of a particular nation as an unfair trader violates the General Agreement on Tariffs and Trade.

Recruit Inquiry Ending With No Indictments of Top-Level Politicians

By Margaret Shapiro
Washington Post Service

TOKYO — The Japanese justice minister said Thursday that the criminal investigation of the Recruit bribery and influence-peddling affair is nearing its end, and analysts said they expected no new criminal indictments.

The apparent winding up of the prosecutors' investigation into the affair is likely to leave many Japanese dissatisfied that more well-known politicians were not being charged.

An official with the opposition Socialist Party said the prosecutors wanted "to put an end to the pursuit of those in the political world."

Still, the reverberations of the Recruit affair are likely to continue, at least through the summer, with the governing Liberal Democratic Party facing major problems in elections for the upper house of the Diet, or parliament, that could jeopardize its 34-year dominance of Japanese politics.

The ruling party is still unable to find a successor to Prime Minister Noboru Takeshita, who announced last month that he would resign over his role in the affair. The one politician widely viewed as clean enough to take the job and calm public hostility has turned it down.

On Thursday, former Prime Minister Yasuhiro Nakasone appeared before the Diet to explain his role in the affair, which occurred during his term as prime minister from 1982 to 1987.

He acknowledged that he and his associates received about $800,000 in political donations and stock profits from Recruit Co., an information and publishing conglomerate at the center of the affair.

Mr. Nakasone said that no special favors had been provided in exchange. He also denied violating laws controlling political contributions by failing to report the money. He said the bulk of it was used solely by his assistants to pay their own living and business costs.

The former prime minister repeatedly turned down opposition demands for his resignation from the Diet, saying he "deeply apologized" to the people but wanted to continue to work for "political reform."

[Mr. Nakasone's words were almost drowned out by a fellow Liberal Democratic legislator, Koichi Hamada, Reuters reported. "We ourselves, the Liberal Democrats, are in deep trouble because of him," Mr. Hamada shouted.

[Other Liberal Democrats jeered throughout the session, sometimes making it hard to hear Mr. Nakasone.]

Mr. Nakasone, who was prime minister when Recruit Co. was doling out cut-rate stock in a subsidiary and huge political contributions to influential politicians and bureaucrats, has come under particularly harsh criticism from newspapers and the public.

But virtually every Liberal Democratic leader has been tainted by the affair, leaving the party and the business community, which has strongly supported it for decades, nervous about the future.

While a takeover of the government by Japan's opposition parties remains remote, recent polls have shown the Liberal Democrats' popularity at record lows, with the opposition parties, led by the Socialists, gaining strength. Because of this, some business leaders and junior party members have begun to call for a more-thorough housecleaning.

Takashi Ishibashi, the head of one of Japan's four major business groups, said this week that all politicians implicated in the Recruit affair should resign from the Diet.

The announcement Thursday by Justice Minister Masami Takatsuji that the eight-month criminal investigation of Recruit was drawing to a close came as no surprise. But it was likely to leave many people feeling that the affair has not been completely exposed, analysts said.

"If the investigation ends at this stage it will leave the question of the large contributions by Recruit to politicians unresolved," the Yomiuri newspaper said last week. And, the paper added this week, "This has not ended the public's concern and disgust with the other Diet members who received Recruit shares and escaped prosecution."

Fifteen persons, including businessmen and bureaucrats, have been arrested, but there were only two politicians among them and no leading figures — such as Mr. Nakasone or Mr. Takeshita — have been implicated in the affair.

Inoo Inoye/The Associated Press

Former Prime Minister Yasuhiro Nakasone, right, conferring with Takami Etho, deputy secretary-general of the Liberal Democrats, before testifying Thursday about his role in the Recruit affair.

Soviets Drop Threat Over Dispute on INF Treaty

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — The Soviet Union has backed away from its implied threat to halt destruction of a type of nuclear missile covered by the medium-range treaty with the United States, according to U.S. and Soviet sources.

The Soviet foreign minister, Eduard A. Shevardnadze, said in Bonn earlier this month that destruction of the Soviet SS-23 missile force might be stopped if the North Atlantic Treaty Organization approved deployment of a similar U.S. missile. Moscow had agreed to eliminate the SS-23 in the 1987 Intermediate-Range Nuclear Forces Treaty.

Mr. Shevardnadze's threat, apparently intended to pressure the West into rejecting a new U.S. missile, had been denounced by the State Department as "outlandish."

The Soviet Communist Party newspaper Pravda published an interview last week with Mr. Shevardnadze in which he said that "no one in the U.S.S.R. intends to upset the INF Treaty."

The Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said in Moscow this week that deployment of a new U.S. missile would cause "legitimate concern," but not treaty abrogation.

He said Moscow instead would discuss the deployment in a commission established to resolve INF compliance disputes. U.S. officials said Wednesday that Soviet diplomats had privately conveyed the same message to U.S. allies.

U.S. officials said the Soviets had backed up these new statements by telling the West privately that nearly two dozen SS-23 missiles had been sent from storage to an elimination site at Saryozek, as required by the treaty.

Officials at other agencies said that the Soviets had also satisfied private U.S. complaints about an episode last month in which pieces of SS-23 launch vehicles at a destruction site in the city of Stankovo were re-welded after being cut in half as required by the treaty.

The Soviets said they re-welded the parts together so they could be used in civilian industry, but severed the parts again after U.S. complaints. U.S. officials agreed that the welded parts were not strong enough to sustain SS-23 launches.

■ Proposal at Vienna Talks

The Warsaw Pact presented on Thursday figures on regional subceilings for conventional armed forces in Europe, a step hailed by the West as a "proof of another positive development" at the East-West talks in Vienna, the Associated Press reported.

Earlier this week, the East bloc proposed that no country, including the Soviet Union and the United States, be allowed to have more than 35 percent to 40 percent of the combined manpower totals of NATO and the Warsaw Pact.

The East bloc, however, did not provide figures for Central Europe, an area where most of the weaponry of both military blocs is situated. The Bulgarian envoy, Lyuben Petrov, speaking for the Warsaw Pact, said at a news conference that figures for a Central European zone would be presented "in the near future."

Mr. Petrov said in the "strips of contact" of the two military alliances, manpower for each side should not exceed 1 million, strike aircraft should be be limited to 1,100, combat helicopters to 1,300, tanks to 16,000, artillery pieces to 16,500 and armored troop carriers to 20,500.

For the Warsaw Pact, the "strips of contact" would cover the Leningrad and Baltic military districts, Poland, East Germany, Czechoslovakia, Hungary, Romania, Bulgaria, and three other military districts in the Soviet Union, including Odessa on the Black Sea.

For NATO, they include Norway, Denmark, Belgium, the Netherlands, Luxembourg, West Germany, Italy, Greece and Turkey.

The new East bloc figures are lower than those proposed before: manpower totaling 1,350,000, 1,500 strike aircraft, 1,700 combat helicopters, 20,000 tanks, 24,000 artillery pieces and 28,000 armored troop carriers.

In March, NATO proposed a limit of 12,000 tanks, 10,000 artillery pieces and 16,800 armored troop carriers for any one nation.

WORLD BRIEFS

Israeli Soldiers Kill 3 Palestinians

JERUSALEM (AP) — Soldiers shot and killed three Palestinians, including an 11-year-old boy, during stone-throwing protests in the occupied territories Thursday, according to Arab reports. Seventeen Palestinians were reported injured.

The army reported only one Palestinian death, but UN relief officials confirmed the Arab reports of three. Five soldiers were wounded in the clashes, Israeli radio reported.

Also Thursday, a military judge acquitted four soldiers of manslaughter and an army doctor of negligence in the beating death of a Palestinian man last summer. The four soldiers were convicted of a lesser charge of mistreating the detainee.

South African to Hang for Killings

PRETORIA (AP) — A regional court Thursday sentenced a 23-year-old white former policeman to hang for killing seven blacks and an Indian in two shooting sprees that he depicted as the start of a race war.

Barend Hendrik Strydom committed the murders "in an unfeeling and cold-blooded manner that I have never before experienced or heard of," Justice Louis Harms said in his ruling. The case has been one of the most dramatic ever in South Africa, with relatives of the black victims and white extremists crowding into Pretoria Supreme Court.

Justice Harms said no extenuating circumstances could spare Mr. Strydom from the gallows under South African law. "Mass murder or racial murder will not be tolerated by this court," he added.

Slogans Deface Synagogue in France

ROUEN, France (Reuters) — Anti-Semitic and Nazi slogans were painted on the walls of a synagogue here Thursday after the arrest a day earlier of a World War II war criminal who had been a fugitive for most of 45 years.

Roland Gerbi, head of the Jewish community in the Norman city of Rouen, said the slogans "Death to Jews," "Bring back the SS" and "Nazi Klan" were painted on the synagogue. He said he was convinced the acts were linked to the arrest of Paul Touvier, 74, France's most wanted war criminal.

Mr. Touvier was charged with crimes against humanity by a Paris investigating magistrate after being flown from Nice, where he was seized in a priory run by a rightist and dissident Catholic group. Mr. Touvier had been twice sentenced to death for crimes while head of the collaborationist police in Lyon during the war.

Bhutto Dismisses Powerful General

ISLAMABAD, Pakistan (NYT) — Prime Minister Benazir Bhutto has dismissed Pakistan's powerful military intelligence chief, whose role included dispensing U.S. aid to Afghan rebels, a military spokesman said Thursday night.

The dismissal of Lieutenant General Hamid Gul, who had been selected by her predecessor and enemy, the late General Mohammed Zia ul-Haq, appeared to be a major victory for Miss Bhutto. The military intelligence unit played a key role in domestic politics.

The spokesman said General Gul was replaced by General Shamsur Rahman Kallu, who had been ordered into retirement by General Zia.

Djilas Rehabilitated in Official Daily

BELGRADE (Reuters) — Milovan Djilas, a former Communist leader who became Yugoslavia's most prominent dissident, closed his quarrel with the authorities on Thursday with an interview in the country's main official newspaper.

Mr. Djilas, 77, was the closest aide to Tito after the Communist takeover in 1945. But he left the party in 1954, and, after criticizing the party's monopoly on power, spent a total of nine years in prison. In the introduction to its first interview with Mr. Djilas since his downfall, the Belgrade daily Borba said: "His personal views should be treated today like any other personal views of events and people."

Mr. Djilas told the newspaper that soon after World War II, he sensed that Communist rule in Yugoslavia was becoming corrupt. "Right after the war, as soon as Belgrade was liberated, I emotionally disliked certain things — all that grabbing of villas, automobiles, decorations and privileges," he said. "I wanted to withdraw from the party's leadership even then."

Lithuania Defies Moscow on New Tax

MOSCOW (NYT) — Lithuania has become the first Soviet republic to defy Moscow's authority to tax, announcing in official newspapers that residents of the Baltic state will not be obliged to pay a new nationwide highway tax.

The Lithuanian legislature's decision followed complaints that the tax increase on motor vehicles would go primarily to repair decrepit roads in more backward regions of the Soviet Union.

Lithuania and its Baltic neighbors, Latvia and Estonia, have demanded autonomy over their economic affairs, and have passed constitutional amendments asserting their right to reject laws enacted in Moscow.

Nominees Seen for 2 Pentagon Jobs

WASHINGTON (WP) — Defense Secretary Dick Cheney plans to nominate Stephen J. Hadley, an arms-control expert with moderate views, as assistant secretary of defense for international security policy, according to officials.

They also said Thursday that Mr. Cheney has decided to appoint Henry Rowen, former president of the Rand Corp. who teaches at the Stanford Business School, as assistant secretary of defense for international security affairs.

Mr. Hadley, 46, would supervise the review of arms-control proposals. He was a consultant to the Senate Foreign Relations Committee and a member of the National Security Council staff during the Ford administration.

TRAVEL UPDATE

Rail Traffic Improves on Paris Lines

PARIS (AFP) — The rail traffic situation improved on strikebound suburban lines around Paris on Thursday, although only one train in 10 ran from the Gare de l'Est. Earlier, the state railroad had expressed satisfaction with a decision by Prime Minister Michel Rocard to create a new 500-member police force to assure security on train lines.

The railroad said traffic was near normal again at Gare Saint Lazare, serving suburbs to the west, while one train in three was running from the Gare du Nord and two in three from the Gare de Lyon. Employees struck Sunday after three ticket inspectors were attacked by 30 youths at a suburban station of the eastern Paris network.

Australia's Qantas Airways will start one-stop flights between Melbourne and London Oct. 31. They will fly three times a week via Singapore, with a 22-hour flight time. Qantas will then have 12 flights a week from Melbourne to Britain, the others via Bahrain or Athens. (AFP)

3 Journalists Were Spies, KGB Asserts

Reuters

MOSCOW — The KGB on Thursday accused three British journalists expelled last week of working for British intelligence and violating Soviet laws

The news agency Tass quoted a spokesman for the KGB, the Soviet secret police and intelligence agency, as saying all three had carried out illegal activities and used "technical equipment" to gather intelligence material.

The spokesman, Vladimir Strunin, said, "The competent organs have material testifying to the fact that these journalists belonged to British intelligence services."

The three were ordered expelled on Saturday, along with eight British diplomats, after Britain expelled a similar number of Soviet reporters and diplomats

Mr. Strunin accused Ian Glover-James, a correspondent with Independent Television News, of showing an exceptional interest in defense installations and repeatedly violating regulations for foreigners on travel in the Soviet Union.

Mr. Strunin said that Angus Roxburgh, a Sunday Times correspondent, supplied a Soviet reporter with a recording device to listen in on telephone conversations.

Mr. Strunin said a BBC Radio correspondent, Jeremy Harris, had repeatedly attempted to penetrate zones closed to foreigners.

The three journalists rejected allegations of spying. Mr. Harris said such charges were "too absurd to contemplate," while Mr. Roxburgh said the expulsions were purely reciprocal.

The Soviet Foreign Ministry spokesman, Gennadi I. Gerasimov, said Wednesday that Moscow was willing to rescind the expulsion orders for the correspondents if Britain did the same for the three Soviet journalists.

The Soviet side has also said it would limit the number of Soviet and British nationals working for British organizations in the Soviet Union to 205, to match the number of Soviet nationals working in Britain.

Moscow Admits Wartime Violations

Report Gives Details of Soviet-Nazi Division of Poland

New York Times Service

MOSCOW — The Soviet government tacitly conceded some disputed points of wartime history Thursday today when it published an official report that said Moscow had violated international law in its treatment of Poland.

The report, by a Polish-Soviet historical commission, said that under a secret protocol in Stalin's nonaggression pact with Nazi Germany the two nations agreed to carve spheres of influence in Poland and protect one another from agitation by Polish protestors in their respective spheres.

This was described in the report as "a serious violation of international norms."

The long report, entitled "The Genesis and Beginning of World War II," was published in the Communist Party newspaper Pravda with no other comment. It appeared one day after the same report was released in Warsaw in the Communist daily Trybuna Ludu.

The report was based on collected German diplomatic documents published in the West by which the historians concluded there had been a secret protocol. But it said the original of the protocol has not been found in Soviet or other archives.

Soviet authorities long have disputed accusations of secret protocols in the nonaggression pact, which was signed Aug. 3, 1939, by the Soviet foreign minister, Vyacheslav Molotov, and the German foreign minister, Joachim von Ribbentrop.

The publication of the Pravda report is significant because it is the closest the Kremlin has come to conceding such a point. The current governments in Moscow and Warsaw have been gradually revising the historical record in their campaigns for greater popular credibility.

The historians' report makes no mention of the highly controversial issue of protocols concerning the Baltic states. Latvia, Lithuania and Estonia are demanding independence from the Soviet Union on the ground that they were taken over illegally by Stalin under a secret protocol with Hitler.

The secret protocol cited in the report was considered the basis for the Soviet seizure of eastern Poland and the subsequent annexation of much of this territory after the war. Germany invaded Poland with no declaration of war on Sept. 1, 1939, and the Soviet Union attacked from the east 16 days later.

The historical report accused the Soviet Union of an additional breach of international law when, it said, the Soviet invasion was accompanied by a diplomatic note to the Polish ambassador in Moscow to the effect that Poland had ceased to exist.

—FRANCIS X. CLINES

CONGRESS: *Democracy Show*

(Continued from page 1)

rov qualified his praise of the Soviet leader by leading the pressure on him to speak in detailed response to the major concerns of deputies and repeating this demand in warmly applauded remarks in the afternoon.

By then, more deputies were coming forward and the crowd at the Orbita store laughed as the congress chairman muttered on screen as if in distress: "The line of those who want to speak is growing."

"I don't believe in anything," a man said, suddenly shouldering his way from the crowd.

"We're not ready for this," another said happily, engrossed in the debate that ranged from hyperbolic praise of Mr. Gorbachev to accusations of Napoleonic vanity.

Yuri Yevfarestov, a white-haired pensioner waxed euphoric: "Everything is new. It's all for the first time. It doesn't belong just to the deputies. It belongs to millions of people watching."

"Well of course it's heavy for the first time to hear such truth on television," said Maximillan Lvovich. "But the party apparat will win. It's like watching a movie that you know will have a bad ending, but the very fact that you can watch it makes it very exciting."

He left a large crowd the show go on. Three hours later, Mr. Gorbachev finally won the presidency.

WHAT'S HAPPENING ON THE LONDON STAGE? READ SHERIDAN MORLEY WEDNESDAY IN

Managua Expels U.S. Envoys

The Associated Press

MANAGUA — Nicaragua expelled two U.S. diplomats Thursday, saying they had instigated strikes by teachers for higher pay. They were identified as Kathleen W. Barnon, attaché for Central American labor affairs who is based in Honduras, and Joel F. Casmann, economic attaché at the embassy in Managua.

Safety Board Criticizes Los Angeles Air Chaos

By Laura Parker
Washington Post Service

WASHINGTON — Skies over the Los Angeles area have become so congested and air controllers are making so many errors that safety may be jeopardized, the National Transportation Safety Board has warned.

The board, in a report documenting lapses in the air control system in Southern California, has criticized the Federal Aviation Administration for "inadequate, ineffective and unresponsive" management.

The board described the results of a special investigation into the errors and urged the agency to correct the situation "to prevent a diminished level of safety" in the region.

The investigation occurred after an outbound British Airways jumbo jet and an American Airlines commuter jet were misdirected by Los Angeles controllers Feb. 13 and passed closer to each other than U.S. regulations allow.

Controllers at the facility have made nine errors in 14 months. The latest was April 9, when a Boeing 727 and a military C-130 were directed to fly too close to each other.

The last major midair collision involving a commercial airliner occurred over the Los Angeles suburb of Cerritos in August 1986, killing 82 people.

In its letter, the safety board noted that the agency has been aware of chronic staffing and equipment problems at the Los Angeles Coast Terminal Radar Approach Control facility for three years and added that the agency's failure to correct them contributed to the February error.

"The safety board believes that numerous deficiencies and problems have contributed directly or indirectly to the increase in operational errors and that this increase should serve as a warning or precursor to a potential accident," the letter said.

Controllers at the main Los Angeles facility work in a rundown building with poor ventilation that is continually buffeted by jet noise from military aircraft flying overhead.

Two-thirds of the controllers have been working six-day weeks since 1985. The jets they direct have computer-driven navigational systems, but the controllers' equipment is so antiquated that they still use rotary dial phones. The agency has described the controllers' territory as "extremely complicated airspace."

The board added that it was concerned that agency plans to change traffic patterns in the area would add to the controllers' workload.

Ethiopia Replaces Military Leaders After Failed Coup

Reuters

ADDIS ABABA, Ethiopia — President Mengistu Haile Mariam has replaced his entire military high command, tightening his grip on the rebellious armed forces after a coup d'état attempt last week.

He named a new armed forces chief of staff and commanders of the army, navy, air force and police, state radio announced.

According to the report Wednesday, Colonel Mengistu also replaced the general who had been leading the 28-year war against secessionist rebels in the strategic Red Sea province of Eritrea. The general was killed by loyalist soldiers when the coup was put down.

The new chief of staff and the army and navy commanders are drawn from among Colonel Mengistu's trusted comrades in arms from the revolution that overthrew Emperor Haile Selassie in 1974.

"It is highly significant that no deputies were named to these positions," a Western diplomat said in Nairobi, adding, "Mengistu wants men he can trust."

California Outlaws Sale Of Semiautomatic Arms

The Associated Press

SACRAMENTO, California — Governor George Deukmejian has signed two bills making California the first state to ban military assault weapons. The legislation bans the manufacture and sale of more than 50 semiautomatic rapid-firing rifles, pistols and shotguns as of Jan. 1.

Attempts to restrict such weapons had been blocked repeatedly by the gun lobby, led by the National Rifle Association, until a shooting rampage at a Stockton school four months ago left five children and the gunman dead. The killer used a AK-47 rifle.

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	19	66	15	59	c
Amsterdam	28	82	13	55	fr
Athens	28	82	13	55	c
Barcelona	28	82	17	63	fr
Belgrade	25	77	12	54	fr
Berlin	27	81	12	54	fr
Brussels	28	82	12	54	fr
Budapest	28	82	11	52	fr
Copenhagen	21	70	12	54	fr
Costa Del Sol	27	81	13	55	fr
Dublin	17	63	7	45	sh
Edinburgh	15	59	8	46	sh
Florence	28	82	12	54	fr
Frankfurt	24	75	11	52	fr
Geneva	29	84	13	55	fr
Helsinki	19	66	7	45	fr
Las Palmas	23	73	15	59	fr
Lisbon	21	70	14	57	fr
London	21	70	14	57	fr
Luxembourg	24	75	13	55	fr
Madrid	31	88	14	57	fr
Milan	29	84	13	55	fr
Moscow	19	66	4	39	fr
Munich	24	75	7	45	fr
Nice	25	77	15	59	fr
Oslo	21	70	11	52	fr
Paris	28	82	18	64	fr
Prague	26	79	8	46	fr
Reykjavik	7	45	3	38	sh
Rome	25	77	13	55	fr
Stockholm	22	72	12	54	fr
Strasbourg	27	81	11	52	fr
Venice	28	82	12	54	fr
Vienna	25	77	9	48	fr
Warsaw	24	75	9	48	fr
Zurich	26	79	9	48	fr
MIDDLE EAST					
Ankara	33	91	18	64	c
Cairo	36	97	20	68	c
Istanbul	30	86	18	64	c
Jerusalem	32	90	18	64	c
Tel Aviv	33	91	20	68	c
OCEANIA					
Auckland	17	63	10	50	fr
Sydney	24	75	14	57	fr

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	33	91	27	81	r
Beijing	33	91	22	72	c
Hong Kong	32	90	27	81	r
Manila	33	91	24	75	c
New Delhi	39	102	25	77	c
Seoul	28	82	22	72	c
Shanghai	33	91	24	75	c
Singapore	31	88	24	75	r
Taipei	32	90	23	73	c
Tokyo	23	73	18	64	r
AFRICA					
Algiers	25	77	17	63	c
Cape Town	19	66	6	43	c
Casablanca	22	72	14	57	c
Harare	28	82	14	57	c
Lagos	30	86	24	75	r
Nairobi	24	75	12	54	r
Tunis	24	75	12	54	c
LATIN AMERICA					
Buenos Aires	—	—	—	—	—
Lima	24	75	15	59	c
Mexico City	23	84	13	55	r
Rio de Janeiro	26	79	20	68	r
NORTH AMERICA					
Anchorage	14	57	3	38	c
Atlanta	23	73	12	54	r
Boston	23	73	15	59	r
Chicago	23	73	14	57	r
Denver	28	82	14	57	r
Detroit	23	73	14	57	r
Honolulu	31	88	24	75	r
Houston	33	91	24	75	r
Los Angeles	24	75	14	57	r
Miami	31	88	24	75	r
Minneapolis	22	72	12	54	r
Montreal	27	81	17	63	r
Nassau	32	90	25	77	r
New York	27	81	19	66	r
Phoenix	38	100	21	70	c
San Francisco	22	72	12	54	r
Seattle	15	59	7	45	r
Toronto	27	81	14	57	r
Washington	28	82	21	70	r

c-cloudy; fc-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; st-stormy.

FRIDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Fair. Temp. 28 — 11 (82 — 52). LONDON: Fair. Temp. 25 — 12 (77 — 54). MADRID: Stormy. Temp. 24 — 9 (75 — 48). NICE: Stormy. Temp. 27 — 13 (81 — 55). TEL AVIV: Not Available. ZURICH: Stormy. Temp. 24 — 9 (75 — 48). BANGKOK: Stormy. Temp. 35 — 27 (95 — 81). HONG KONG: Cloudy. Temp. 32 — 27 (90 — 81). MANILA: Stormy. Temp. 33 — 24 (91 — 75). SEOUL: Foggy. Temp. 19 — 9 (66 — 48). SINGAPORE: Stormy. Temp. 29 — 23 (84 — 73). TOKYO: Showers. Temp. 24 — 18 (75 — 64).

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Two Can Live Better (If They Both Work)

U.S. Study Dispels a Yuppie Myth

By Spencer Rich
Washington Post Service

WASHINGTON — The good life in America, according to the Census Bureau, is founded now on two paychecks.

Venturing into the statistical quicksand of measuring "lifestyle," the federal enumerators calculated that nearly two-thirds of the American households that had "discretionary" or "luxury" income in 1986 had at least two people bringing home a paycheck, a reflection of the vast increase in the proportion of working wives.

The study, done with The Conference Board, a nongovernmental research group, also dispelled the idea that such discretionary income comes more easily to the young, the 25-year-old investment bankers and yuppie couples celebrated in contemporary culture.

Households headed by the young were least likely to have discretionary income. The most likely were middle-aged families with job skills and seniority.

Households with discretionary income tended mainly to be in the 35-to-60 age bracket, usually people's best years in earnings, although a substantial number were older, reflecting improved Social Security and pension income for the aged, among other things.

Overall, according to the study, made public Wednesday, about 26 million of the nation's 89.5 million households, or 29 percent, had enough left over for luxuries after payment of all basic costs to provide a comfortable living.

The average before-tax income of the 26 million households was $56,605, the average discretionary amount was $12,332, and members of the households tended to be disproportionately white, college-educated, suburban and residents of New England and the West Coast.

"We took as our starting point the amount of money needed to provide a comfortable living, based on various Labor Department studies of the past," said Gordon Green of the Census Bureau, describing how the study was done. "The idea was to find out what people have left for discretionary purchases" after they pay for a "comfortable" life.

The amount needed for a comfortable living, Mr. Green said, was defined as after-tax income equal to 130 percent of the average expenditures for households of the same age and size.

For example, a family of four headed by a person 45 to 49 was at the 130 percent cutoff if it had income after taxes greater than $49,430. Discretionary or luxury income was then defined as any income in excess of the 130 percent.

Aside from the obvious, that households with high incomes were most likely to have discretionary income, the discretionary income was affected by the following variables:

Size of Household: Generally small households have more discretionary income left per capita after paying for a comfortable living. The study found that two-person households with discretionary income averaged $6,476 per person and this dropped steadily to $2,183 for those with six or more.

Number of Earners: Families with several earners were the most likely to have discretionary income. Of the 26 million households with such income, 15.5 million had two or more earners.

Education: About a tenth of those lacking high school degrees had discretionary income, but the proportion rises steadily and reaches 60 percent for those with five years of college or more.

Region: 33.9 percent of households in New England, 30.5 percent of those on the Pacific Coast and 30.1 percent of those in the South Atlantic region had discretionary income. The Middle Atlantic, non-Atlantic Southern states, Midwest and Mountain states all had lower percentages.

Stocks Inquiry Into L.A. Mayor Advances

By Jack Nelson
and Ronald J. Ostrow
Los Angeles Times Service

WASHINGTON — Preliminary criminal investigations of Mayor Tom Bradley of Los Angeles and Representative Tony Coelho of California, both prominent Democrats, have been opened by the Department of Justice in connection with their financial dealings with Drexel Burnham Lambert Inc., sources say.

Representative Tony Coelho

Mr. Coelho, as deputy majority leader, is the third-ranking Democrat in the House of Representatives. Mr. Bradley last month won an unprecedented fifth term as mayor.

Although details were unknown, a central question being examined was whether Mr. Bradley and Mr. Coelho, who have acknowledged that they made investments through Drexel Burnham, illegally received preferential treatment, the sources say. The inquiry also was expected to examine whether investment opportunities might have been made available to them with the hope or expectation of favored treatment in return.

The decision to open a preliminary investigation of Mr. Bradley represents a significant step beyond the decision last week by the U.S. Attorney's office in New York to subpoena records of the mayor's transactions with Drexel Burnham. A preliminary investigation is the first official step in the Department of Justice's formal procedure for deciding whether the facts warrant a grand jury investigation.

The preliminary investigations involve a Republican administration looking into the conduct of two prominent Democratic officeholders. Even preliminary investigations of political figures normally are authorized only after the attorney general approves. The Department of Justice has declined comment.

Mr. Bradley's spokesman, Bill Chandler, said the mayor had no knowledge of any such investigation. Mr. Bradley has regularly refused to discuss specifics of his investments until the investigations are completed.

Mr. Coelho was unavailable, but a spokesman said the congressman was certain that he was not the subject of a preliminary investigation.

Regardless of the outcome, both face other official inquiries involving investments and public-disclosure requirements.

The Securities and Exchange Commission has reviewed records that indicate that Mr. Bradley may have received favored treatment on at least one occasion in 1986, when he invested in Worlds of Wonder, a toy company whose stock jumped 50 percent on the first day it was sold to the public in 1986.

A Los Angeles inquiry into the allegations against Mr. Bradley revolves around tens of thousands of dollars in fees that he collected for serving on the boards of Far East National Bank and Valley Federal Savings & Loan Association, both of which had dealings with the city.

Mr. Bradley as well as Mr. Coelho also may face questions about financial dealings involving Columbia Savings & Loan Association, which is being investigated in connection with Drexel Burnham's junk bond king, Michael R. Milken, a friend of Mr. Coelho's who has been indicted on charges of racketeering, insider trading and securities fraud.

Pravda Criticizes Izvestia's Editor

Agence France-Presse

MOSCOW — The Soviet Communist Party paper, Pravda, has criticized the editor in chief of the official government paper, Izvestia, for taking part in a mass rally here that booed party hard-liners. It criticized the editor, Ivan Laptiev, who "as a candidate member of the Central Committee and deputy in congress did not find a single word to stress the role of the party in *perestroika*."

Pravda also denounced the presence, without giving a name, of a titular member of the Central Committee at the demonstration. This was seen as a reference to Boris N. Yeltsin, the ousted Moscow party chief, who was elected to the new Congress of People's Deputies.

Mr. Yeltsin was the only leader on this level to take part in the rally on Sunday, where he and other deputies, including Andrei D. Sakharov, the human rights campaigner, drew standing ovations from 100,000 people who had gathered for the event.

Navy Said to Investigate 2 Sailors in Ship Blast

By Molly Moore
Washington Post Service

WASHINGTON — A navy investigation into the gun-turret explosion aboard the battleship Iowa that killed 47 last month has focused on a possible suicide or murder attempt involving two sailors, according to sources close to the inquiry.

A source said there were enough questions about personnel performance of a criminal nature that the investigation now concerns a sailor who died in the explosion and another who escaped from the burning turret.

The one who survived gave dramatic details of his escape at a televised press conference. At the time of the explosion, he had been in the lower magazine levels helping load silk bags of powder.

An investigation by a board of naval officers into the training, manning, equipment and powder used in the turret has turned up no conclusive evidence of an accident, sources said. While the mechanical, technical and manning review was almost completed, the Naval Investigative Service's criminal investigation was reportedly holding up the report.

The targets of the criminal investigation are Gunner's Mate Second Class Clayton M. Hartwig, 24, who was killed, and Gunner's Mate Third Class Kendall L. Truitt, 21. The two had been "best friends" and Gunner's Mate Hartwig had named Gunner's Mate Truitt the beneficiary of a $100,000 life insurance policy, according to family members and friends.

The investigation is pursuing at least two angles:

- That Gunner's Mate Truitt may have triggered the explosion to claim the insurance money.
- That Gunner's Mate Hartwig, despondent over a rift in their relationship, caused the blast in an attempt to kill himself or his friend.

The navy was investigating the possibility that Gunner's Mate Truitt may have tampered with one of the bags of powder sent to the gun housing above.

[The navy refused Thursday to confirm or deny that its investigation was looking into a possible murder or suicide, United Press International reported from Washington. "The investigation is still ongoing," said a spokesman, Lieutenant Kevin Wensing. "We're looking into all the possible causes and circumstances regarding the explosion."]

Gunner's Mate Truitt has denied the allegations. The navy granted him leave from the ship because "for his own protection," an official said. "It was not prudent for him to be there."

"I think they are trying to find an easy way out," Gunner's Mate Truitt told the Newport News Daily Press. "Right now, they've got a closed mind. They've decided I somehow was the cause of the explosion, which isn't true. Or two, that Clay committed suicide. And that, too, I can't believe is true."

Salvador Rebels Apologize for Killing Civilians

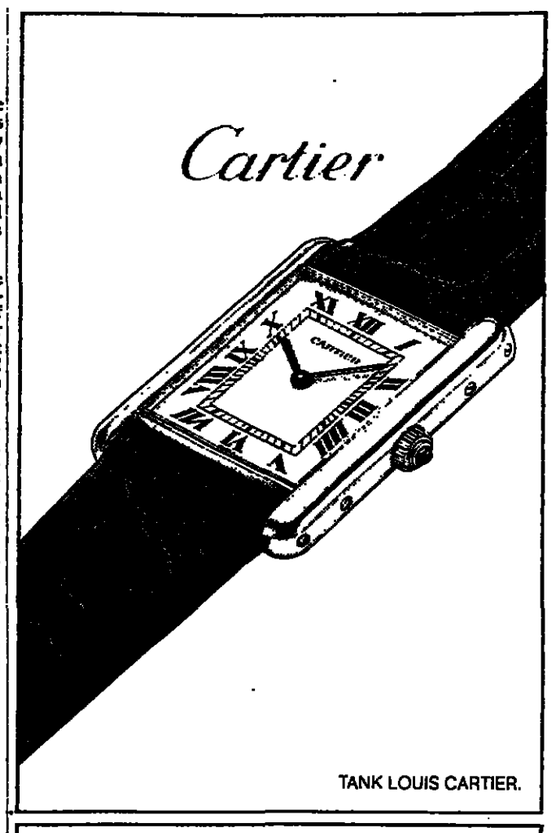
Washington Post Service

SAN SALVADOR — El Salvador's leftist rebels have apologized for killing eight civilians and in an unusual move publicly admitted such tactics were wrong. The eight, who included two children, were killed and seven others badly wounded when a rebel mine exploded under a bus outside the town of Tacachica, 32 kilometers (20 miles) northwest of this capital city.

The deaths Monday were the largest number of civilians killed in one incident by the guerrillas in recent years.

The rebel Radio Venceremos said that the Farabundo Marti National Liberation Front "acknowledge to our people that we have committed errors of procedure.

Diplomats and political allies of the rebels said the apology stemmed from a growing perception in the rebel leadership that they were losing popular support and becoming more isolated internationally because of their tactics.



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Mardi 30 Mai	LES TRANSPORTS ET LE TOURISME D'AFFAIRES	Bernard ATTALI Président Directeur Général AIR FRANCE	Alain POINSSOT Directeur Commercial du Fret, SNCF André DELSAUX Directeur Général NOVATRANS	Pierre CONSO Président Directeur Général CIMENTS FRANÇAIS
Mercredi 31 Mai	L'INTERNATIONALISATION DE L'ÉCONOMIE	Daniel LEBEGUE Directeur Général BNP	Georges BERTRANDIAS Président UNION PATRONALE DES HAUTS-DE-SEINE Jean-Claude MOURET Directeur de l'Information, de l'Appui et du Développement International des Entreprises CCIP	Henri BAQUIAST Président Directeur Général COFACE
Jeudi 1er Juin	LES ENJEUX COMMERCIAUX DE L'AN 2000	Paul PAOLI Président Directeur Général CFAO	Paul-Henri DENIEUIL Président FÉDÉRATION FRANÇAISE DU COMMERCE INTERNATIONAL Patrick DEVEAUD Directeur Général PARIBAS Président Directeur Général SCOA	Gilbert SALOMON Président Directeur Général OPTORG
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OPINION

What East-West Policy?

President George Bush has delivered his fourth, final, flat and flimsy speech on East-West relations. What explains the chasm between this vacuity and the substantial ability and experience of Mr. Bush and his senior advisers?

The most that can be said of Wednesday's offering is that Mr. Bush welcomes the latest dramatic proposal by Mikhail Gorbachev for a new European military balance, based on hugely disproportionate Soviet cuts in arms and men. That is certainly an improvement on recent White House statements virtually condemning the Soviet leader for saying he would stop sending arms to Nicaragua and reduce battlefield nuclear weapons by 500.

It must be exceedingly difficult to be visionary when, week after week, the other side concedes much of what the West has been demanding for decades. But politics takes place in hearts as well as minds. And while democracy and free enterprise, as Mr. Bush says, have won the day as ideas, people around the world are finding new spiritual homes in Moscow. Chinese students hail Mr. Gorbachev as a symbol of hope; Germans lionize him as a man who can shape a nuclear-free Europe.

Mr. Bush now responds by proclaiming that the West needs "a dynamic and adaptable strategy." And what does that consist of? Among other things, he says, it means building a new mobile Midgetman missile and making the MX "Peacekeeper" missile mobile as well. That is hardly the stuff to inspire the students in Tiananmen Square and German leaders in the Bundestag.

Mr. Bush also called for more negotiations and more Soviet concessions, and he repeated thoughts from earlier speeches: He would reward East European countries moving toward economic reform with aid. He wants to go beyond the old containment policy and bring Moscow into the family of nations. But Mr. Gorbachev's personality should not seduce the West into complacency, and Mr. Gorbachev's revolution is far from complete. So the president urges step-by-step diplomacy.

All are perfectly sensible platitudes, but they do not a plausible policy make. As even many policy experts in the Bush administration realize, the timidity of their superiors has become exceedingly costly — in terms of sympathies turning elsewhere and possible opportunities sliding away. The emptiness of the policy simply does not square with the quality of the senior people writing the words.

Few American presidents have been better prepared than George Bush to manage foreign policy. Very few have had better support. At the National Security Council he has Brent Scowcroft, Robert Gates and Robert Blackwill. At the State Department sit James Baker, Lawrence Eagleburger and Reginald Bartholomew. At the Pentagon he can look to Dick Cheney and Admiral William Crowe, chairman of the Joint Chiefs. These are men of exceptional political skills, with backgrounds in high-level policy-making and intelligence.

So what is holding President Bush and his team back?

They are said to fear that Mr. Gorbachev might not be around much longer and would be succeeded by hard-liners. But thus far he has capped each crisis by eliminating opponents. And even if Mr. Gorbachev were to depart, the Soviet Union's problems are the Soviet Union's problems; Mr. Gorbachev or his successors will have to face them in similar ways.

The senior policymakers know the depth of those problems and are said to hope that standing pat will force Moscow into further unilateral concessions. But no political leader, no matter how strong, can long survive failure to gain tangible returns. And in America's own self-interest, there are many areas where it makes sense to move now and free resources for other problems.

Mr. Bush and his aides are also said to worry about appearing too eager to work with Mr. Gorbachev. Their fear is that such eagerness might inflame right-wingers and encourage Europeans and Americans to lower their guard prematurely. But these are exaggerated concerns. What of the costs of the present do-nothing policy?

Mr. Bush and his key advisers are moderates. For most situations that is a virtue. But in present circumstances, seeing different sides to every argument has become stifling. Their very moderation tends to blind them to the vast changes unfolding around the world, and to the power of language and bold goals.

— THE NEW YORK TIMES.

NATO Can Celebrate

President George Bush slid past the current NATO dispute in his speech on security policy in New London on Wednesday, and he was right to do so. Not that the dispute can be evaded. It can't. NATO can only proceed on the basis of a broad consensus on how the Continent is to be defended. The matter of nuclear terms is bound to be a central element of such a consensus. But the dispute itself has been miscast as an alliance buster. It is nothing like that.

It represents the sort of friction that allies should be able to manage without beating up on each other. The deeper reality, as Mr. Bush suggested, is the historic success of the alliance in checking Soviet expansionism and encouraging the Soviet system to confront its internal contradictions, as it is now starting to do. This is the achievement that bears 40th anniversary celebrating at the NATO summit coming next week.

The dispute over short-range nuclear forces is commonly depicted as a stratagem either of Mikhail Gorbachev, seeking to exploit fissures in the West, or of Helmut Kohl, seeking to win the next West German election. It makes more sense to see it as a product of the West's growth and self-confidence. The Western strategy of forward defense and flexible response was set mainly by the United States to ensure that a nuclear umbrella satisfactory to it would protect American troops on the ground. The Germans now argue not only that the East-West situation is changing but that the Federal Republic deserves more of a say in the disposition of weapons that would be deployed and exploded only on its territory. Both countries' requirements deserve to be met, and a variety of formulas is available to enable the diplomats to do it. But there is no urgent need for them to wrap it all up by next Tuesday. The dispute has been overblown.

More important developments are afoot. The United States has rightly asserted that the first NATO priority is to ease the dangers and tensions created by the superior size and the surprise-attack capability of Soviet conventional forces in Europe. At the Vienna talks, the Soviets are now reported to be offering proposals on reduction and reconfiguration that are convincing Western officials of a serious Kremlin intent to diminish, on fair terms, the greatest concentration of standing military forces in history. This is the prospect that deserves to be noted, carefully but hopefully, at the NATO summit.

— THE WASHINGTON POST.

India Plays the Bully

Americans ought not to remain silent as India continues a harmful and indefensible blockade of Nepal. The landlocked country of 18 million incurred India's displeasure by importing arms from China and curbing visits by Indians to the Nepal-China border. In reprisal, New Delhi closed 19 of 21 border crossings after a trade and transit treaty with Nepal expired on March 23.

The blockade has impoverished Nepal and devastated development efforts in a country receiving substantial U.S. emergency food assistance and $12 million in U.S. economic aid. So disturbed was Representative Richard Durbin of Illinois after visiting the region that he has asked Congress to urge India to reopen the border and negotiate this dispute with King Birendra of Nepal.

Adoption of Mr. Durbin's resolution is important. The Bush administration is skittishly neutral, and India invariably gets a free ride on such offenses from the Third World bloc at the United Nations. Only Indian newspapers gravely endorse New Delhi's charges about widespread smuggling and sinister Nepalese troop maneuvers.

In any case, India's grievances cannot justify choking a landlocked neighbor by denying right of transit. Continued bullying of Nepal will only diminish India's reputation without adding to its security.

— THE NEW YORK TIMES.

Other Comment

For Compromise in Beijing

The inability of the Chinese Communist Party to handle the protests was made clear in the rash decision to impose martial law. With that single blunder, the authorities have galvanized forces of dissent in the capital and intensified a situation that appeared to be on the verge of winding down. The situation is potentially dangerous. The protesters will not back down. The unrest will be defused only through mediation and compromise. The government claims to be safeguarding "stability" and "unity" by mobilizing troops. The authorities have failed to see that just the opposite is happening. With each oppressive measure, they add more credence to what the protesters are saying.

— The Bangkok Post.

Nepal and China Cooperate

[Nepal and China have] expressed their desire to further develop balanced bilateral trade both overland and overseas. This desire is especially laudable in view of his majesty's government's efforts to diversify trade so as to avoid dependence on a single market [in India] for its international trade and to derive the benefits diverse markets would offer to the country. The Chinese decision to make available further supplies of petroleum products on a trade basis and a considerable amount of salt as a grant demonstrate the deep concern of the Chinese government regarding the current shortage of essential commodities in Nepal, after the lapse of the Nepal-India trade and transit treaties.

— Rising Nepal (Katmandu).

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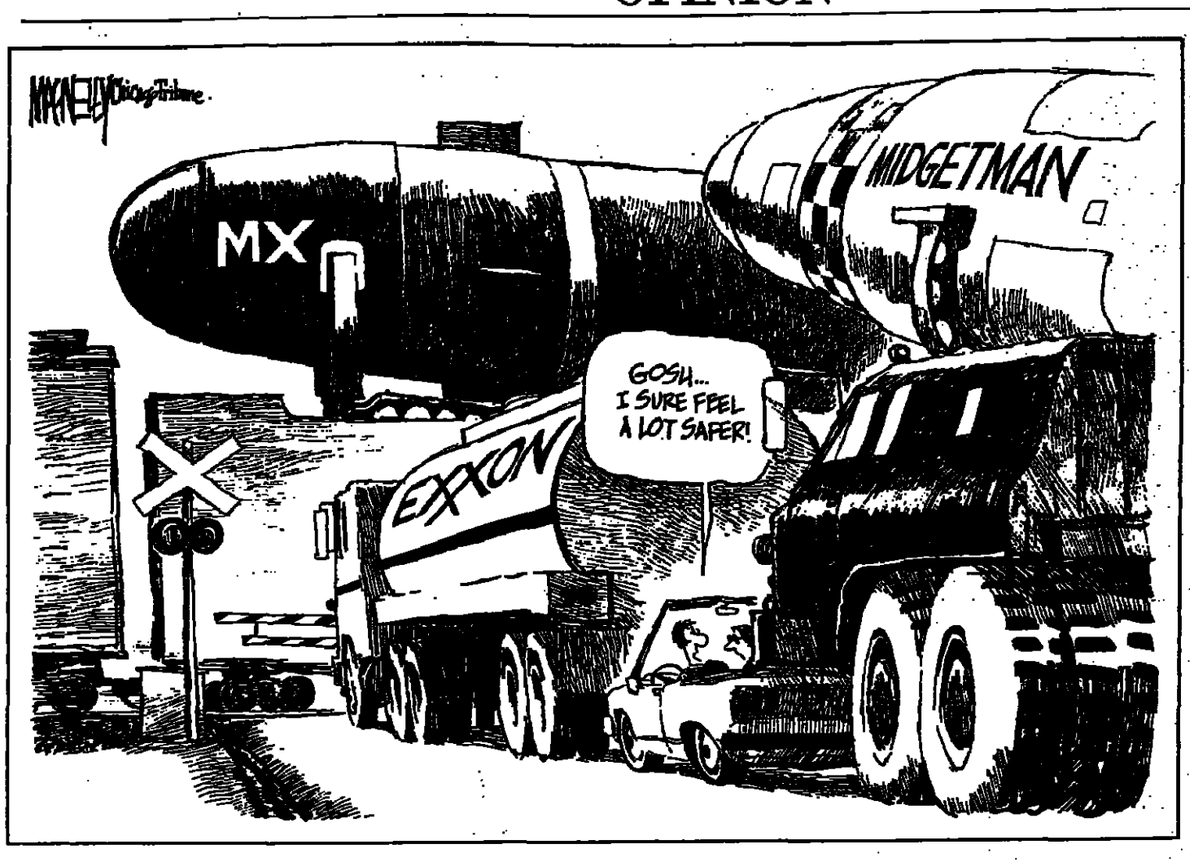

Democracy: Communism's Rebels Are Dreaming

By William Pfaff

PARIS — The drama of China and the Soviet Union lies in the tension between liberalization and democratization. The drama yet to come is the conflict between the dream of democratization and its achievement.

Liberalization is what an authoritarian system's leaders concede to prevent democratization. The Soviet Union has undeniably liberalized in extremely important ways, but the intent and effect have been to increase the power of Mikhail Gorbachev.

He is now head of both party and state, and probably in a stronger personal position than any Soviet leader since Stalin. Liberalization has centralized power, and the elections earlier this year proved ruinous for those elements in the party apparatus hostile to him, permitting him to strengthen his grip on the Central Committee.

China's students, and the others demonstrating in Beijing and other cities, ask for democratization, and China's situation has probably now gone beyond the point where further liberalization by the leadership could successfully deflect these demands. The government no longer appears to possess the ability to reimpose itself. Even if it managed to convince the army to attack the demonstrators, its authority has been wasted.

This pattern of events has been seen before: mass demonstrations with idealistic but ill-formulated aims; the collapse of authority; the reluctance to resort to violence to break the demonstrations. It occurred in the May 4th Movement in 1919, which protested against territorial concessions to Japan imposed by the Versailles Treaty. The results then included attacks on Confucianism and tradition, and a turn by China's intelligentsia toward foreign ideas, notably Marxism.

Today, again, it is clear that the Mandate of Heaven has well and truly been withdrawn from those who rule. Will the intelligentsia turn this time toward Western democracy?

What is likely to follow is an effective, if temporarily obscured, fragmentation of the country. The economic dynamism of China these last few years has come mainly in the provinces of Fujian and Guangdong, neighboring Hong Kong, where special economic zones and most light industry are located.

These have profited from economic reform and opened commerce with the outer world, while Hong Kong has provided by far the biggest portion of China's foreign investment — much more than has Japan. There are more workers inside China working for Hong Kong enterprises today than in Hong Kong itself (1.5 million as against less than a million). Nine thousand trucks of merchandise cross the frontier every day. The major part of China's foreign trade passes by way of Hong Kong. China has become Hong Kong's largest foreign investor.

The coastal provinces, even before this crisis, resisted the central government's economic and fiscal policies and made the most of their own prosperity, aloof from the agricultural provinces where rural unrest and depopulation are increasing. China's rural population has fallen from 95 percent to some 80 percent in 10 years, which has meant a flight to the cities of 200 million people.

Hong Kong's businessmen and traders demonstrated their anxiety over events in China with recent daily plunges in the Hong Kong securities market. The colony saw the largest popular demonstrations in its history last weekend in support of the students. Hong Kong, after all, returns to China's sovereignty in 1997, and would prefer a China that really is a democracy — or else a China without effective central power.

Democracy? Ask the students what this democracy is. Xie Wanjun, a 21-year-old hunger striker, told The New York Times that "we must search for a beautiful, perfect system." Indeed, but where and what is it? The students condemn corruption, social inequalities, political compromise.

Inequality and compromise are essential ingredients, and corruption an inescapable one, in the reforms that Deng Xiaoping has been carrying out in China — to the extravagant praise of the same foreign commentators who now celebrate the students. These are the reforms which have made China's economic progress possible and pressaged today's events.

Twenty years ago another generation of students was against just the same three things: compromise, inequalities, corruption. They called themselves the Red Guard and demanded "extermination" of the "devils and demons of revisionism." They had a leader; they were driven by the messianism of the aging Mao Zedong.

There is no Mao today, thank God. But there also is no evident force capable of taking the place of a ruined government and producing a constructive solution. There is messianism, unfocused. All that has been produced is a marvelous abstraction, a shining, beautiful something. It is wonderful, alluring — but no one should be surprised if it ends badly.

In China, as in the Soviet Union, a system is collapsing. The Soviet Union's liberalization meets desperate obstacles in that country's obdurately unreformable economy and the nationalisms of its heteroclite empire. China finds itself in dynastic interregnum. A successful transformation to democracy is, one must fear, the implausible alternative for both.

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NATO: Plain Talk About Deterrence

By Frederick Bonnart

BRUSSELS — NATO has a knack of falling into traps set by itself. It did so over the introduction and then the elimination of intermediate-range nuclear forces. It is doing so now over the modernization and possible reductions of short-range nuclear forces. The reason is an inability to provide the public with a clear rationale for the continued need for American nuclear forces in Europe.

The rationale is simple: The Soviet Union is the single superpower on the Eurasian continent, and the only equivalent counterweight is NATO.

Mikhail Gorbachev's attempts to make his country more efficient and more humane are laudable, but they are a long way from creating a society so open and a government so subject to democratic checks and balances that it cannot be considered a threat to Western Europe.

There is room for argument about the scale and type of military threat, and the appropriate response. But there is no excuse for avoiding realities. Still, it happens again and again.

When it became clear in the mid-1970s that U.S. strategic nuclear forces were losing their credibility for the defense of Europe, a deterrent element was needed to protect Europe and reinforce allied cohesion. It was found in Pershing-2 and ground-launched cruise missiles, which were deployed in five European countries on national bases. That produced the much needed coupling both within Europe and across the Atlantic, and ensured maximum protection for allied forces.

The protests from the Soviet Union against what was a really effective Western defense rationale were expected. Western statesmen were considerably more nervous about the anti-nuclear and peace movements in their own countries. Unfortunately for the strategy, they found what they saw as the perfect answer.

During negotiations for the first treaty limiting strategic missiles (SALT-1), the Soviet Union replaced its old SS-4 and -5 missiles with the SS-20, which had a range of just under 5,000 kilometers, to keep within the treaty limits. It was easy to justify the introduction of Pershing-2 and cruise missiles with the deployment of SS-20s, and so, in December 1979, the two-track decision was born: NATO would deploy the American INF but was ready to negotiate limits on them and their Soviet equivalent.

Limitation did not mean elimination, but Ronald Reagan went a step further and in November 1981 threw out the baby with the bathwater by offering the zero solution — zero INF missiles for each side. The stultified Brezhnev regime, failing to see its advantage, turned the proposal down. The astute Mr. Gorbachev took it up.

He went further and yielded to Western protests about his 500-kilometer-range forward-based new SS-23s. He offered to trade them for the older, German-owned Pershing-1A (740-kilometer range). In December 1987 the two peacemakers — Mr. Reagan, departing, and Mr. Gorbachev, incoming — signed the treaty eliminating both, and the famous double zero solution was concluded.

Only SNF with ranges well below 500 kilometers were left, emphasizing the concentration of nuclear forces in the Federal Republic. With a perception of a Germany singularized as the nuclear battlefield of the future, the present NATO crisis was born.

The fight is on about whether and when to negotiate reductions for the 88 old NATO Lance systems and the 1,408 Soviet SNF systems, as well as the nuclear artillery of both sides. Again a failure of nerve is evident. The denuclearization of Europe is stated Soviet policy — yet Western leaders tie their reluctance to negotiate to the Soviet superiority in SNF systems and in conventional forces.

This position can easily be undermined by the Soviet side. The recently announced withdrawal of 500 nuclear warheads from Eastern Europe is small beer. President Gorbachev is awaited in Bonn next month and could easily announce a unilateral elimination of half his SNF launchers. At the same time he can point to the large cuts in Warsaw Pact forces declared recently in Moscow to Secretary of State James Baker.

But the reality of Soviet power over Europe will remain unchanged. Mobile SS-24s and -25s, although primarily intended as strategic intercontinental missiles, can easily be aimed at European targets. And Mr. Gorbachev's new, more modern military commanders will soon see the advantages of concentrating reduced resources to create smaller but far more effective conventional forces.

Arms control alone can never redress the situation. The West must maintain a credible defense. That means a solid alliance, with adequate conventional forces backed by a variety of nuclear weapons.

The writer, editor of NATO's Sixteen Nations, contributed this comment to the International Herald Tribune.

Dollar Up, G-7 Coordination Down

By Hobart Rowen

WASHINGTON — The dollar has risen by almost 20 percent against the yen and almost 30 percent against the Deutsche mark since early this year, confounding experts who predicted or insisted that it should be going the other way.

The Bush administration and other major governments had been committed to holding the dollar stable at a lower level. That strategy was thought to help reduce the big U.S. trade deficit and the big Japanese and West German surpluses.

Thus, the dollar's surge does not fit the plan that the major nations spelled out for themselves.

That is unsettling. What we have had exposed in the past few weeks is that the United States and its partners — the Group of Seven — have been unable or unwilling to make good on their commitment to coordinate economic policy-making. It makes financial markets uneasy.

"I don't have a sense of leadership coming out of the G-7, or even that there is a single spokesman anymore for our own government on these issues," the New York investment banker Henry Kaufman told me.

The West German government has conspicuously stood apart from the G-7 effort by refusing to sell dollars in the open market. The president of the Bundesbank, Karl Otto Pöhl, said flatly that he has little faith in intervention. In effect, he was saying that governments can no longer control market forces.

The commitment to economic coordination that was launched at the Plaza Hotel in New York on Sept. 22, 1985, and had been nurtured at summit meetings ever since may be coming apart. At the very least, some new effort will be needed to restore its credibility, or the upcoming Paris summit could become a farce. Even before the dollar explosion there were questions about the extent to which the G-7 countries can agree on trade and agriculture issues.

The dollar's rise indicates that the Bush administration is on a collision course with the Federal Reserve.

Almost everyone agrees that the most effective way of bringing the dollar down is to make investments in the United States less attractive. This can be accomplished by lowering American interest rates, which provide returns well over what can be earned in Europe and Japan.

With political uncertainties in Japan and West Germany and civil unrest in China dominating the news in recent weeks, investment in America — despite its huge budget and trade deficits — appeals to foreign businessmen and individuals: There is nothing quite like a safe haven. And when the interest rates in that safe haven are high, the inflow of money turns into a cascade.

The upheaval in China, spilling over to a Hong Kong demonstration, nipped 12 percent off Hong Kong stock market values in a single day. So it was expectable that money would pour into America from other markets — especially when it is evident that the G-7 powers, through exchange market "intervention" alone, could not stop a rising dollar.

The operative question becomes: Why don't the G-7 governments move to narrow the interest-rate gap between the United States and the other powers? It could be done by lowering interest rates here, raising them in Japan and West Germany, or by a coordinated plan to do both.

That may eventually happen. But at the moment, Alan Greenspan and the rest of the Fed policymakers resist lowering U.S. rates, fearing that it might signal a halt to their fight against inflation. Their determination may be reinforced by the surge in orders for big-ticket durable goods in April. Meanwhile, the Japanese and West Germans, buzzing along with highly successful economic machines, don't want to upset a nice balance by imposing restrictive interest rates.

Sure, their politicians say privately, higher Japanese and German interest rates would help reduce the U.S. trade deficit. But they add that the trade deficit could be solved by America itself if it launched an attack on its budget deficit.

That is true. The Federal Reserve could lower interest rates without exciting fears of new inflation if the budget deficit were under better control. But it isn't. And what the Japanese and German authorities have to keep in mind is that we are all in the same boat, one christened "Global Economy." It is easy to forget that the last time the coordination process slipped into public disarray, stock markets crashed. That was October 1987.

There are many differences between today's underlying economic events and what was happening then. But there is one disturbing similarity: Western leaders may be talking past each other instead of to each other.

Washington Post Writers Group.

Cambodia: U.S. Policy Is Outdated

By Anthony Lewis

WASHINGTON — If Americans can agree on anything in foreign policy, it is that the Khmer Rouge should never be allowed back into power in Cambodia. When its fanatics ruled the country, from 1975 through 1978, they murdered about one million people, a seventh of the population.

The United States talks about the importance of keeping the Khmer Rouge out, but its policy conflicts with its words. The policy works to sustain the Khmer Rouge and even increase its menace to the future.

The reason for this perverse result is that America's Cambodia policy is caught in a time warp. It was designed for circumstances that no longer exist. Adjustment of the policy should not be difficult, because the needs are plain and the opportunities great. All it takes is the courage to change.

The Khmer Rouge regime was overthrown when the Vietnamese invaded Cambodia in 1979. The invasion stopped the butchery, and of course the United States did not object to that. But America strongly opposed the Cambodian regime installed by Vietnam and demanded the withdrawal of Vietnamese troops. It voted in the United Nations to give Cambodia's seat to a Khmer Rouge delegation. And the United States supported a so-called "coalition government" made up of the Khmer Rouge and two non-Communist groups headed by Prince Norodom Sihanouk and Son Sann.

That policy was based on great-power calculations. It was designed to harass Communist Vietnam and embarrass its major backer, the Soviet Union. America was also intent on improving relations with China, and China supported the Khmer Rouge.

But the premises of the policy have now crumbled. Vietnam is withdrawing its troops and promises to have them all out by September — obviously with Mikhail Gorbachev's approval.

When and if the Vietnamese are gone, Cambodia will effectively be of no further strategic significance to the United States. It will just be a country whose people have suffered horribly and who are entitled to some peace and reconstruction.

The U.S. plan for political peace in Cambodia is to have a quadripartite interim government that would hold elections. In it would be representatives of Prince Sihanouk, Son Sann, the Khmer Rouge and the present government in Phnom Penh, headed by Prime Minister Hun Sen.

Again, events have outpaced the policy. Hun Sen has liberalized his regime and won some legitimacy among Cambodians. Prince Sihanouk, dropping various conditions for negotiations, has met Hun Sen and reached a considerable degree of understanding with him.

If the U.S. purpose is to keep the Khmer Rouge out, it should now be encouraging a new government of Prince Sihanouk, Hun Sen and Son Sann. That would isolate the Khmer Rouge, squeezing its guerrillas between Cambodian forces and the army of Thailand, which would support such a new government. But the Bush administration has merely reiterated its call for a quadripartite interim regime. The one thing Hun Sen cannot be expected to do is to bring the Khmer Rouge into Phnom Penh. So insisting on that is to kill the hope of a deal and assure continuation of the Khmer Rouge guerrilla war.

A number of journalists and academics with deep experience in Cambodia have visited there recently and concluded that U.S. policy no longer fits realities. Among them are David Greenway of The Boston Globe, Elizabeth Becker, writing in The Washington Post, and Professor Eileen Blumenthal of Rutgers University, writing in The Wall Street Journal.

Another convincing voice is that of John Pedler, a former British diplomat who works for Oxfam on Cambodian relief and who has seen both Hun Sen and Prince Sihanouk lately. He believes that they could make a deal — if Washington would allow it. "Peace is there for the asking," Mr. Pedler said. "The Soviet Union, China and Vietnam all have such difficult internal problems that none can take a hard line on Cambodia. The prince gets on pretty well with Hun Sen, but agreement between them is conditioned on his dropping the Khmer Rouge."

Prince Sihanouk would surely like to end his ties to the Khmer Rouge, which killed many members of his family. But he needs a signal from Washington. All Secretary of State James Baker has to do is look at the realities — and at Cambodian humanity — and stop pressing for a regime that includes the Khmer Rouge.

The New York Times.

100, 75 AND 50 YEARS AGO

1889: Panthéon Bound

PARIS — The bill relative to the transfer of the remains of Carnot, Lazare Hoche and Baudin to the Panthéon came before the Chamber of Deputies yesterday [May 25]. M. Lefèvre-Pontalis has objected to the measure. He sees the sum to meet expenses, 50,000 fr., as too high. Twenty thousand had been enough for Victor Hugo. Also, Hoche's descendants had refused to let their ancestor's remains be buried in the Panthéon, and the State had no right to over ride their wishes. Despite the objections, the bill passed by a majority of 207.

1914: Albania Rebellion

DURAZZO — At least a temporary calm now prevails in Durazzo following the fighting which left twenty dead and ten wounded. Information regarding the outbreak has begun to make clear the motives and organization of the rebellion. The insurgents have now formulated the following demands: 1. Respect and protection of the Mussulman religion; 2. Re-establishment of Mussulman domination, in view of the Government's bombardment of the insurgents; and 3. If the return to Turkey is impossible, that the future of Albania should be left in the hands of Europe.

1939: Bergdoll Held

NEW YORK — Grover Cleveland Bergdoll, the Philadelphia draft dodger who was sentenced to five years in prison after the World War, but escaped in 1920 to Germany, returned to America today [May 25] aboard the liner Bremen to be seized immediately and lodged in disciplinary barracks on Governor's Island. His status, officials said, was that of an "escaped prisoner." The draft dodger is heir to a $500,000 brewing fortune, which was impounded by the Federal Government. Mrs. Bergdoll, a German from Weinsberg, said that they wanted to end their long exile and train their children as Americans.

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OPINION

The Baltic States Should Be Free

By William Safire

CHICAGO — In light of the decennial eruption that threatens communism in China, the newly elected delegates to this week's Congress of People's Deputies in Moscow are hard pressed by a challenge to Communist rule much closer to home: A courageous independence movement is sweeping the Baltic States.

In November, Estonia's legislature passed a law asserting its right to veto Kremlin decisions, and its people's right to private property. Moscow promptly declared that heresy invalid, but last week, defying a commission set up to delimit autonomy in Soviet republics, the parliament of Lithuania went even further, declaring itself not only economically autonomous but "sovereign."

Washington has failed to focus on this crucial test of Soviet imperial intentions.

This breathtaking defiance of Soviet rule has gone largely unremarked in the West, but Moscow is profoundly concerned. The Kremlin directed a legal academician to warn in Pravda this week that such "complete separation" from Moscow rule provided justification for a crackdown by unidentified hard-liners "who long to turn the screw" and call for "a firm hand." The threat is palpable: "Sovereignty" — the assertion of not only cultural autonomy but national freedom — will trigger a harsh Soviet response.

In the United States, the don't-make-waves set wants us to button our lip on internal turmoil within Communist countries, lest we encourage demonstrations that elicit violent repression. "Restraint on both sides" is urged when the only side threatening violence is a central tyranny.

Pusillanimous evenhandedness is uncalled for in this case because the Baltic challenge is not a Soviet "internal affair." These states are free and independent nations, illegally awarded to Stalin by Hitler. The United States and many other democracies have never recognized the 1939 Molotov-von Ribbentrop pact.

The sustained policy of non-recognition has active diplomatic expression. The legitimate former governments of Estonia, Lithuania and Latvia have legations in the United States, supported by funds in America that were denied to the puppet regimes a half a century ago. American diplomats in the Soviet Union have always refused to meet the Baltic Communist usurpers; Baltic affairs are dealt with in the State Department's Eastern European section, and are pointedly not part of "Soviet Affairs."

I put a probe into State on Wednesday and received this official response: "The United States does not recognize the forcible incorporation of the Baltic states into the Soviet Union which occurred in 1940. The Baltic peoples have never accepted the loss of their freedom and liberty. We strongly support their peaceful efforts to regain control over their own destiny."

So far, so firm; but follow-up questions about reaction to the startling reassertion of sovereignty get only a bland "We are watching developments with interest and sympathy," and official comment on the ominous warning in Pravda degenerates into terminal fudge-factory dithering: "That, too, is part of change and adjustment to change."

That is what is said when you have not decided what to do. President George Bush can do plenty, but his administration has failed to focus on this crucial test of Soviet imperial intentions.

Centrifugalism in the Baltic states is not the same as the yearning for freedom in Soviet Georgia or Armenia or even the Ukraine. Because the first uprisings in Georgia and Armenia were crushed in what America recognizes to be the Soviet Union, a case (a weak case) is made for limiting reaction to hand-wringing and discreet cluck-clucking at Soviet brutality in those Soviet socialist republics.

The push for freedom in the Baltic states has a different base in law. The official American position is that these are occupied lands; America should show at least as much concern for the well-being of their nonviolent citizenry as it does for the rock throwers in what it calls the "occupied" West Bank. (We can hope that newspapers will dateline future reports from "Soviet-occupied Riga.")

Mr. Bush, consistent with U.S. policy of half a century, should make plain to Mikhail Gorbachev that it is hypocritical to denounce Stalin's crimes while perpetuating them. The occupation of the Baltic states is an indisputable international crime that should be redressed right now.

In concert with the leading democracies, the American president should invite the nongovernmental leaders of the Baltic independence movements to be honored observers at the economic summit meeting this summer, and publicly plan now to receive them in Western capitals. By making them famous, we increase their strength.

A great struggle has begun. If Americans' place is on the sidelines, we can at least get off the bench and cheer.

The New York Times.

By CUMMINGS in the Winnipeg Free Press. CAW Syndicate.

Mouth Full, Fork Raised

By Peter Ruehl

SYDNEY — One of the great things about Australian culture is the way Australians eat. When I arrived here in 1986 from the United States, I had to learn an entirely new set of skills and customs to avoid malnutrition.

The first was to eat fast. Australians can bolt down food more quickly than any other people I have encountered in the developed world. It's hard to know why food is eaten so fast, especially when you consider what charitably could be called the insouciant service in restaurants. Why rush through a course when you know that another isn't due until the next shift starts in the kitchen?

MEANWHILE

By American standards, I can gobble at a decent pace, but it is regarded as half speed here. I thought at first it was because I like to talk while I'm eating. But then I noticed many Australians doing just that. For example, my friend Bateman in Canberra. He can wedge a mouthful of food between his cheeks and gums while carrying on a well enunciated conversation. I think he breaks the food down that way before it reaches his stomach. If the law of evolution applies, a future generation of Batemans will be born without teeth.

Before sitting down in a restaurant, nearly all Australian males take off their suit coats and drape them over the backs of their chairs. An expensive menu will not discourage this practice; all that happens is that the customer takes off a more expensive suit coat.

He put it on as he left his air-conditioned office. The coat is taken off again in the air-conditioned restaurant. Why is this? There are two reasons. First, Australian men who wear suits to work or when they go out to restaurants don't want to look too chichi. After all, this is the land of the macho tall-poppy.

Incidentally, the same logic carries over into taxi cab etiquette. In Australia, a lone male passenger normally sits in the front seat to de-emphasize the fact that he's paying somebody to drive him around. Even politicians do this when they are being chauffeured. (How would you like to have Bob Hawke, Australia's matey prime minister, sitting next to you while you were trying to do your job?)

The second reason Australian men take off their suit coats at restaurants is that even a well-cut garment can be constraining. In this country, you need to be able to move a lot at the table.

It's important that you have freedom to get as much of your body as possible onto the table's surface without actually leaving your chair. As a kid in the United States, I was lectured to keep my elbows off the table. In Sydney the tables sprout forearms. If you don't have your forearms on the table, you can't make your point by stabbing the air with your fork.

The writer is a columnist for The Australian Financial Review. He contributed this ethnographic study to the International Herald Tribune.

LETTERS TO THE EDITOR

About Elephants: Look to Zimbabwe, Not East Africa

The editorial "Save the Elephants" *(May 17)* applauds the recent call by Kenya and Tanzania to ban all ivory trade and goes on to say that "their proposal deserves strong support from all civilized countries." It is easy for these two East African countries to support an ivory ban — they have no marketable supplies left. Largely by mismanagement and default, their elephant resource has fallen to the gun, benefiting only the poachers.

But South Africa, Zimbabwe and Botswana have enormous populations of elephants. Zimbabwe holds a rising population of at least 50,000 — more than the land has ever held. Several national parks have an excessive and ecologically destructive population and this year a cull has been authorized with quotas in the four digits.

Elephants are a tremendous economic asset. A call of 2,000 animals translates into $1 million. This kind of money is a powerful incentive for conservation, more than any force of treaty. This magnificent state of affairs is not an accident, but the product of careful and active management. The initiative has been borne internally and the locals have proved themselves the experts. Outsiders, even professional biologists, should tread very carefully when offering advice on this area of the world.

The editorial acknowledges that black market trade would follow a ban, and recommends stringent efforts to control it. Anyone who believes that this would work should visit Miami and ask how the drug interdiction efforts are going. Not very well, is my guess. The returns are high enough on ivory to validate this parallel.

We should listen to Zimbabwe, not to East Africa, for advice on elephants. Killing the proverbial "goose that laid the golden egg" is a tragically easy thing to do, especially by remote control. A recent positive step not mentioned is the passage of the African Elephant Conservation Act by the U.S. Congress in December. The act aims to punish poor managers severely and reward success by permitting continued trade from countries demonstrating an effective conservation strategy.

R. C. RITTER.
Oxford, England.

The single greatest obstacle confronting the professional hunter for both game animals and endangered species is the industrial scale of cross-border and domestic poaching that goes hand-in-hand with official corruption in most African countries concerning wildlife.

For example, the killing of black rhino and trade in horn is illegal in all African countries except Burundi. And yet since the 1970s rhino numbers are down by 99 percent in Kenya, 96 percent in Zambia and 93 percent in Tanzania. The black rhino is extinct in Somalia, Ethiopia, the Central African Republic, Sudan, Angola and Mozambique. Compared to approximately 65,000 black rhino less than 20 years ago, fewer than 4,000 remain. The only country where black rhino numbers are increasing is South Africa, which is protecting four of the five subspecies.

In March of this year, hundreds of miles deep into a legal hunting concession in the Central African Republic, we encountered a train of Sudanese poachers armed with Swiss Army assault rifles and dozens of cases of ammunition. The results for the elephant, buffalo, hippo and plains antelope are predictable.

BROOKE CHILVERS.
Paris.

Aiding Sihanouk's Forces

The editorial "What Cambodia Needs" *(May 8)* states that the $7 million in military aid proposed by Representative Stephen Solarz, intended for Prince Sihanouk's forces, "probably would be gobbled up by the Khmer Rouge."

The coalition partners opposing the government in Phnom Penh have a unified military command under Prince Sihanouk, but under the coalition agreement of July 1982 each group retains its own organization and the right to receive and dispose of international aid. The proposed aid would go only to Prince Sihanouk's forces. It would raise their morale and bargaining power.

K. L. BINDRA.
London.

GENERAL NEWS

Tightening Its Belt, Nepal Prepares For Long Trade Dispute With India

By Barbara Crossette
New York Times Service

KATMANDU, Nepal — The government, digging in for a long siege in a trade war with India that is seen as a test of Nepalese sovereignty, has introduced austerity measures and begun reordering development plans, officials here say.

Since India closed all but two border crossings two months ago, ostentatious living has been forbidden in Nepal, whose 18 million people are largely poor.

Social gatherings, including wedding receptions, are being monitored, officials of the government of King Birendra said.

At their most optimistic, Nepalese officials and business leaders say they will make the most of a cutoff of Indian consumer goods by encouraging local industries to fill the vacuum.

New sources of imports and markets for exports are being sought. But some local business leaders and diplomats say serious problems are developing.

India, through which most of Nepal's imports and exports pass, closed 19 of the 21 border crossings on March 23. A week later, it allowed agreements on petroleum products to lapse, depriving Nepal of fuel.

At the root of the dispute is Nepal's insistence on the extension of two treaties, one for trade and one for transit rights, both of which recently expired. India wants a single treaty covering both areas.

As the dispute drags on, diplomats in Nepal say, it becomes more apparent that Katmandu wants to review all its relations with New Delhi.

The Nepalese, most of whom cannot afford imported luxuries, appear to have closed ranks behind their government.

Officials are reported to have concluded that the dispute with New Delhi will probably not be resolved until after elections in India, expected late this year.

A good harvest of wheat and mustard seed, from which edible oil is made, has reduced fears of serious food shortages. Medicines are being flown in from Bangladesh, according to a government spokesman, Radhe Shyam Bista.

Royal Nepal Airlines has been able to fly in enough fuel from Bangladesh to restore domestic air links and sustain international routes, he added. But taxis and private cars have been made idle by shortages of fuel; and a number of restaurants have closed.

Daily life in the Katmandu Valley appears to be continuing without serious interruption, with limited supplies of diesel and gasoline arriving from China or Singapore. India also is allowing transit of essential goods.

But business leaders and diplomats suggest that a "hidden crisis" is developing as government and private projects wind down and the poorest day laborers lose their jobs.

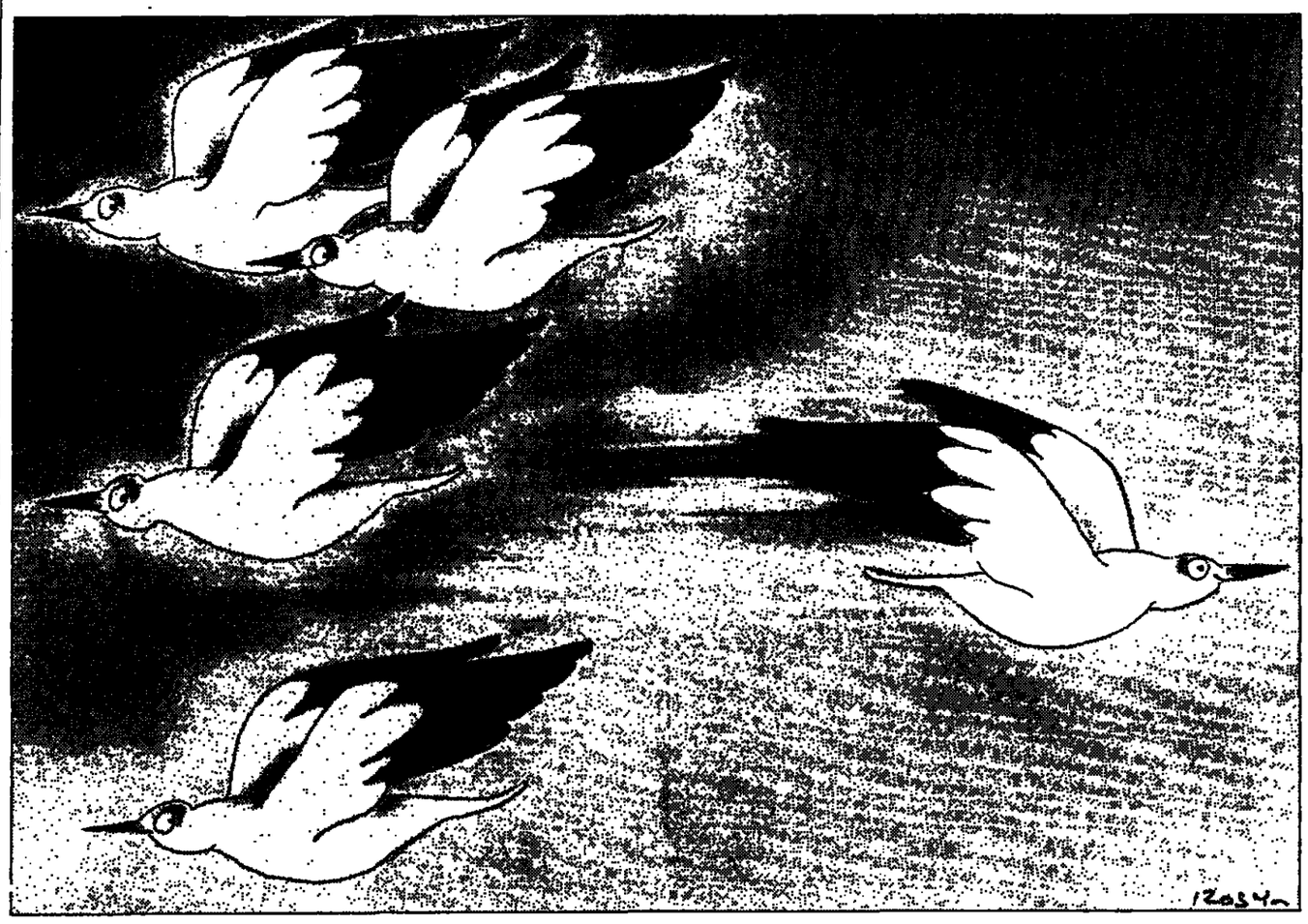
Tourism has also been affected. May and June are traditionally the month when Indian tourists fill hotels vacated by Westerners.

Under the austerity program, government departments have been ordered to stop buying furniture, vehicles and land.

Foreign visits and official receptions are being curtailed as well.

"Dignitaries and distinguished persons" will be watched to determine whether they are heeding the recently enacted Social Reform Act, which bars lavish entertaining and unnecessary expenses.

Officials say a program for greater self-sufficiency in essential goods will be introduced. And large-scale development projects will be reviewed.



IZAKS

Barbara Walton/The Associated Press

THE WHEELS OF JUSTICE — Almost lost in a sea of spokes, a man amid some of the 13,000 unlicensed rickshaws that New Delhi police have confiscated in an effort to ease traffic.

ASIAN TOPICS

Sri Lanka Alters Mix Of Guns and Butter

President Ranasinghe Premadasa of Sri Lanka is staking his career on a new plan to reduce poverty, Reuters reports from Colombo. Mr. Premadasa's "Janasaviya," or "People's Effort" project, begins this month, fulfilling election promises. But many people are critical of the plan, aimed at helping 700,000 poor families.

Janasaviya replaced defense this year as the biggest budget item. Family payments alone, not counting administrative costs, will total 21 billion rupees ($620 million).

Families will get 2,500 rupees ($74) a month for two years — 1,458 rupees to be spent on essentials at state-run cooperatives and 1,042 rupees for savings. Participants will be encouraged to learn a trade or business so they can become self-supporting.

The agriculture minister, Lalith Athulathmudali, calls the plan "nonpolitical, noncommunal and nonpartisan." Opponents call it a nonstarter. They question how it can be administered and how so much money can be raised, noting that the economy is weak, the budget deficit rising and military expenditure, with a separatist civil war raging in the north, still heavy.

The Penang state legislature in northern Malaysia is trying to promote dignified debate by banning the use of some language among its members. Blacklisted words include "liar," "corrupt," "traitor," "stupid" and "mad." The assembly speaker, Ooi Ean Kwong, said assemblymen who use such "unparliamentary" language will have to apologize to the chamber or face expulsion.

India Counts Tigers And Finds Plenty

The tiger, once in danger of dying out, is safe, according to officials in India, where most of the big cats live. For a week in April, about 10,000 forestry officials and 100,000 volunteers searched the jungles from the Himalayas to the plains of central and southern India, tracing tigers' footprints. Ram Lakhan Singh, director of Project Tiger, said it might be weeks before the final count was ready, but he estimates there are now about 4,500 tigers in India. At the last count, in 1984, there were 4,005. Twenty years ago there were 2,500. Tiger hunting was banned in 1970.

Arthur Higbee

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Territory Agrees on Elections

Hong Kong Body Ends an Impasse

Reuters

HONG KONG — Reacting to demands for democracy in China, legislators here have decided to urge that half of Hong Kong's Legislative Council be directly elected by 1997, when China resumes sovereignty over the territory.

The unanimous decision on Wednesday ended a three-year impasse in the British colony between conservative members of the legislature and the liberals, who have been seeking direct elections before China takes control.

"Of course, the student movement in China has affected our considerations," said the senior executive councillor, Dame Lydia Dunn. She is one of Governor Sir David Wilson's closest Hong Kong Chinese advisers.

Hong Kong is ruled by Sir David under sweeping powers dating back to the founding of the colony in 1841. Its legislature is made up of appointed members and others elected by special-interest groups, such as lawyers and businessmen.

Sir David also has a small Executive Council of senior government officials and appointed members, such as Dame Lydia, which advises on government policy.

The conservative elements have argued that change should not be rushed. But the liberals, headed by Martin Lee, want to see at least some councillors directly elected within the next three years.

The councillors voted in favor of having 50 percent of the legislature directly elected by 1997 and all legislators popularly elected by 2003.

Earlier Wednesday, officials announced that negotiations with Beijing over the Basic Law, the rules that will govern how Hong Kong is administered after 1997, had been suspended because of the unrest in China.

Under the current draft of the Basic Law, Hong Kong would not have a directly elected leader until at least 15 years after 1997.

The agreement reached in 1984 between London and Beijing over Hong Kong's future pledges the Chinese government to maintain the colony's legislative systems and life-style for 50 years after it becomes a special administrative zone.

Tiananmen Square's American Spirit

By Jay Mathews
Washington Post Service

BEIJING — The student protests here show signs of two decades of quiet but far-ranging cross-pollination with America — a Statue of Liberty in papier-mâché, a Lincolnesque paraphrase, a reference to Kent State or a stubborn individualism picked up unconsciously on a U.S. campus and now impossible to discard.

"I came back to China, and it was like reverse culture shock," said a literature scholar who spent four years in the United States and actively supports the democracy movement. "I don't think I'll ever feel entirely Chinese again."

Yet it is this resistance to authority — for which the students can cite a dozen U.S. precedents — that has allowed them to tap a wellspring of Chinese patriotism and nationalism that many had forgotten existed.

Within such U.S.-inspired slogans as "You cannot cheat all the people all the time," students who have been to the United States say, are echoes of the spirit of "China standing up" that united the country when Mao Zedong declared a People's Republic in 1949.

A physics professor in Beijing recalled the openness he found on the campus in the United States where he studied. No one told him how to live. "I got used to it," he said.

Perry Link, a professor of Chinese at the University of California at Los Angeles who is on assignment in Beijing, said: "These are people in transition, not into Americans but into a new kind of Chinese who is very important."

With that inner feeling, what Mr. Link calls a sense of "integrity," come more obvious signs of U.S. influence.

Chinese-language radio broadcasts on the Voice of America "win more and more respect" each day because of their detail and balance, said a supporter of the pro-democracy movement and the son of a high Communist Party official. Recently, China resumed jamming the broadcasts on some frequencies.

A U.S. student in Beijing who has talked with several Chinese who studied in the United States said that he had noticed their general skepticism about government statements. Their exposure to the U.S. press has made them more questioning, he added.

Many of the students believe that United States, with its many trade links with China, may have some influence on the manner in which the authorities respond to the protests.

A student, Victor Han, said: "If China doesn't solve the problem of the students, the U.S. will put on pressure."

Recalling the shooting of students at Kent State University in Ohio by National Guardsmen in 1970, Mr. Han said of the possibility of a violent crackdown in Beijing: "This time I hope the students have guns, too."

About 40,000 Chinese students and scholars — more than from any other single foreign country — study on U.S. campuses. When they return, they create a mystique of life in the United States that affects the behavior of their friends.

The number of students in Beijing studying English, for example, has steadily increased since the two countries resumed full diplomatic relations a decade ago.

In recent months, much of the most interesting debate about China has moved to the United States, where such leading dissidents as Liu Binyan and Wang Ruoshui have given lectures.

For all their interest in the United States and their growing fondness for American individualism, the students leading the democracy movement say it remains very much a Chinese protest.

CHINA: *Li Asserts Control and Presses Troops to Act*

(Continued from page 1)

footage, which led the evening news program, showed Mr. Li saying that the troops called to Beijing had not yet reached the central area because they had been blocked by people who did not understand their purpose.

"Anyone with common sense can see that this is not because the troops are unable to enter the central area," Mr. Li said, "but because the government is the people's government and the People's Liberation Army is the people's army."

Mr. Li said that most of the demonstrators were young people who had good motives but did not understand "the truth of the matter." Mr. Li did not explain, but this could be read as an indication that he was encouraging the view that the "truth" was that Mr. Zhao was trying to use the disturbances to seize power.

One of the ambassadors present said that Mr. Li did not mention Mr. Zhao by name or directly mention the power struggle. But, in a clear jab at Mr. Zhao, the prime minister said, "The chief architect of China's reform and opening to the outside world is Comrade Deng Xiaoping and no one else."

In what appeared to be a stern warning to the United States and other countries, Mr. Li cautioned that foreign nations did not understand what was happening and should not rush to judgment.

"Foreign countries, especially those that maintain good relations with China, must not interfere in current events," Mr. Li said.

In a separate letter sent Thursday to the troops, Mr. Li thanked them for restoring order in the capital. In fact, President Yang Shangkun ordered the troops into the capital on Saturday morning, apparently to suppress the pro-democracy demonstrations, but they were blocked by ordinary citizens and so they still remain on the edge of Beijing.

There have been reports of as many as 300,000 more troops moving into the area, and it is not clear if the government plans to send them into Beijing. While ordinary citizens stopped troops the last time, it seems clear that peaceful resistance would be less successful if the troops used tear gas or weapons to force their way into the city.

There have been some unconfirmed reports of tensions between different military units, some supporting Mr. Li and others supporting Mr. Zhao. In addition, the Beijing Garrison Command appears not to be providing food or other assistance to troops from other areas.

The defense minister, Qin Jiwei, who has close ties to the Beijing forces, is also reported by diplomats to have been frozen out of military decision-making, perhaps because he was regarded as too close to Mr. Zhao and too reluctant to bring troops into the capital.

About 100,000 workers and students held new demonstrations in Beijing Thursday to demand Mr. Li's resignation. While the number of protesters was lower than in some past days, this seemed to reflect weariness and lack of a specific focus rather than intimidation.

Many of the students occupying Tiananmen Square are from outside Beijing, and the government issued directions Thursday night to stop more from coming. It ordered local officials to dissuade students from making the trip and to keep students from boarding on trains without tickets.

In a new challenge to the government, an independent labor union announced its formation in the capital on Thursday. The group, calling itself the Workers Autonomous Association, set up a loudspeaker system in one corner of Tiananmen Square, and its broadcasts promptly drew a large audience.

While the fate of Mr. Zhao remained unclear, a party official said Thursday that Mr. Deng and other officials had turned against the party leader and that Mr. Zhao would probably soon be suspended or expelled from his post.

"There is no hope," the party official said. "It's all over."

The official described the Communist Party offices in the Zhongnanhai compound in the center of the city in virtually a state of civil war, with units loyal to Mr. Zhao now being frozen out of all the decisions.

"Some of the Central Committee offices," he said, "are treated like garbage now."

KREMLIN: *Congress Opens*

(Continued from page 1)

military district, who had been in charge of the troops who attacked demonstrators last month.

Estonians and Lithuanians seized every chance to press their case for greater independence from Moscow; one deputy, digressing completely from the issue of the moment, pleaded for greater respect for the country's two million ethnic Germans.

One critical question to be resolved in the coming days is how many of the deputies who campaigned on a platform of radical reform will make their way into the 542-member legislature, called the Supreme Soviet, which will translate congressional policy directives into new laws.

Most of the members of the Supreme Soviet have already been selected by local and regional cancuses of deputies in preliminary meetings, but it is not yet known how many insurgents are among them.

The historian Roy A. Medvedev, a Moscow deputy, predicted Thursday that the proportion of independent-minded deputies might actually be higher in the legislature than in the congress.

That is because many of the more orthodox deputies — including factory directors and military officers — have been reluctant to give up their important jobs to become full-time lawmakers.

But Mr. Medvedev and other deputies said the several hundred deputies of more independent inclination have had trouble coalescing into an organized bloc because of different regional priorities and personality conflicts.

"So far," he said during a conversation in the foyer of the congress hall, "there are many blocs, many factions, both inside the party and outside."

In a concession to deputies who worried that radicals might be excluded from the Supreme Soviet, Mr. Gorbachev agreed to some changes that would put the congress itself more firmly in charge of new laws. He agreed to have the congress meet twice a year instead of once and to let deputies who are not selected to the Supreme Soviet play a role in key law-writing and oversight committees.

Other proposals, to strengthen minority positions and make it harder to limit debate, were either rejected or sidetracked to committees for study.

BEIJING: *Leadership Crisis*

(Continued from page 1)

film to deliver were unmistakable. First, Mr. Li showed that he was in charge, receiving symbolic tributes from foreign envoys. Secondly, he was saying that his apparent victory would be easily and quickly accepted by the outside world.

Mr. Li articulated his third message in blunt terms by telling the ambassadors that "some foreign governments are trying to interfere with what is happening in China. Their aims are good but they do not understand what is happening here."

While Mr. Li did not mention any countries by name, Chinese officials have given some signals that they are particularly concerned by the attitude of the United States.

On at least two occasions, Chinese party members have been briefed by officials who said that Western intelligence agencies have been "stirring up" the trouble, with specific mention made of the Central Intelligence Agency, according to Chinese sources.

Diplomats said that the only formal U.S. contact with the Chinese government here in the past six days was a telephone call by the U.S. Embassy's second-ranking officer to the Foreign Ministry on Saturday. A duty officer for the Chinese ministry was told of U.S. concern about the martial law declaration.

Other Western embassies are telling Chinese officials, however, that it would be politically impossible for their governments to sustain the friendly relations that have developed with Beijing if there is bloodshed here.

Normal diplomatic activity has come to a halt as Chinese officials have taken cover during the power struggle, or have engaged in it.

"It is hard to get any answers on things when half the Foreign Ministry is down in Tiananmen Square demonstrating with the students," one diplomat said.

The crisis has struck just as negotiations to end the war in Cambodia have reached a crucial stage. Attempts by diplomats to get elaboration on the Chinese view of the Chinese-Soviet joint communiqué that ended the summit meeting have been fruitless.

China is also about to normalize its relations with Indonesia, is negotiating a constitution for Hong Kong with Britain and is conducting a slow but steady upgrading of contacts with Taiwan. These and other initiatives are now at risk, diplomats here believe.

Much of the dislocation is likely to be temporary, diplomatic analysts conceded. But they add that China will be absorbed for months, if not years, in a search for political stability and a successor to its senior leader, Deng Xiaoping, who can repair the enormous damage done to national unity in the past month. China will be offering few initiatives on the world stage.

Debate on Lebanon Pits Iraq and Syria

By Patrick E. Tyler and Nora Boustany
Washington Post Service

CASABLANCA, Morocco — The third day of an Arab summit meeting here erupted into acrimonious exchanges Thursday between the foreign ministers of Iraq and Syria as each side sought to impose its will on the majority charged with finding a plan to rid Lebanon of sectarian violence and foreign intervention.

Emerging from more than five hours of heated debate behind closed doors, Foreign Minister Tariq Aziz of Iraq said that his country was determined to persuade a majority of Arab leaders that they must make a historic assault on Syrian hegemony over its smaller and divided neighbor.

"We are still looking at the options," Mr. Aziz said, "and the main one is for total Syrian withdrawal. Unless we achieve this, there will be no solution."

Asked how many supporters Iraq had in its quest, Mr. Aziz responded, "The conscience of the Arab world."

Iraq and Syria are bitter rivals in the region. President Saddam Hussein of Iraq is widely believed to be providing arms to Lebanese Christian forces that are battling the Syrians as a way to punish President Hafez Assad of Syria for his alliance with Iran during the eight-year-long Iran-Iraq war.

Sources who sat through the debates on Thursday said that Mr. Aziz appealed to the assembled foreign ministers at one point by saying, "Each of you knows that you want the Syrians out of Lebanon, but you dare not say it here — and if this is not true, then tell me I am a liar."

Foreign Minister Farouk Shara of Syria reportedly responded by "You're a liar."

Mr. Aziz and his Syrian counterpart sniped at each other throughout the session. At one point, the sources said, Mr. Aziz addressed Mr. Shara by saying, "The honorable minister, the demagogue and the liar" and Mr. Sharaa later replied by addressing Mr. Aziz as "his excellency, the minister and terrorist."

The push by Arab leaders to reach a consensus on Lebanon began Tuesday night when King Hussein of Jordan opened the issue with an address calling for the formation of an Arab force to replace Syrian troops in Lebanon.

"The time has come for the Arabs to take over the burden and responsibility from our sister Syria and her forces who entered initially to end the bloodshed and bring about national entente," the king said, according to the text of his speech made available in Casablanca.

He also called for the withdrawal of Israeli and Iranian forces from Lebanon.

Following the king's speech Tuesday night, Mr. Assad was said to have listed what were termed "his disadvantages."

But Saddam Hussein then took the floor and gave what was described as a highly critical speech of Syria's involvement.

Mr. Assad asserted that Syria was on the verge of settling the factional struggles between Lebanon's Christian and Moslem communities when Iraq entered the fray and began running guns to the Christian Army commander, Major General Michel Aoun.

Mr. Hussein, according to delegation officials, retorted that Syrian troops have been in Lebanon for 15 years "and they haven't solved anything."

A number of Arab leaders at the meeting are seeking a formula under which Syrian strategic interests in Lebanon are recognized, while at the same time Syria troops would be withdrawn so that new efforts at political reconciliation could take hold.

But Mr. Assad has been adamant that he will not accept an Arab peacekeeping force or any alternative to the Syrian military deployment.

AFP

As he left for work Thursday, Mr. Wright was said to be nearing a decision on resignation.

WRIGHT: *Near Resignation*

(Continued from page 1)

Wednesday's talks "intense and very detailed."

The committee announced April 17 it had "reason to believe" Mr. Wright violated House rules in 69 instances over the past 10 years. The charges, concerning limits on gifts and outside income, involve the sales of Mr. Wright's book, "Reflections of a Public Man," and his financial relationship with George A. Mallick, a Fort Worth developer and longtime friend who formed an investment company with the Wrights.

■ Foes Balk at Deal

Michael Oreskes of The New York Times reported earlier from Washington:

Mr. Wright has accepted the fact that political damage from an ethics investigation has become too great and that he will have to step down, supporters and Democratic colleagues report, but his Republican critics refused Thursday to consider an arrangement to drop misconduct charges.

Representative Newt Gingrich, the Georgia Republican who parlayed his ethics campaign against Mr. Wright into the job of House minority whip, said Thursday that Mr. Wright either should fight the charges to their conclusion or resign from Congress.

"He does deserve his day in court," Mr. Gingrich said on ABC-TV's "Good Morning America" program. "He deserves a full and fair opportunity to defend himself. If he wants to end the process, he can do that by resigning from Congress. But if he's going to stay, I don't think that any kind of political deal should be made."

Maryll Lanvin Leaving Parisian Fashion House

Reuters

PARIS — Lanvin, the fashion house, announced Thursday that its top designer, Maryll Lanvin, had quit in a shake-up of the 100-year-old couturier by the British Midland Bank, which bought into the company in January.

Lanvin said Maryll Lanvin, wife of the nephew of the founder, had decided to leave for personal reasons. But a spokesman later said her departure fitted in with a reorganization by Midland. Her departure followed the sudden replacement earlier this month of Marc Bohan, the veteran designer at Dior, by Gianfranco Ferré.

Britain to Expel Czech Diplomats

Agence France-Presse

LONDON — Britain is expelling four Czechoslovak diplomats for "activities incompatible with their status," the Foreign Office announced Thursday. The phrase is the usual diplomatic term for spying.

A spokesman said the four embassy officials would have 14 days to leave the country. He said the expulsions were not linked to those of 11 Soviets announced last Friday.

The Czechoslovak ambassador, Jan Fidler, was called to the Foreign Office on Thursday and informed of the expulsions. Three Czechoslovak diplomats were expelled from London in September 1988.

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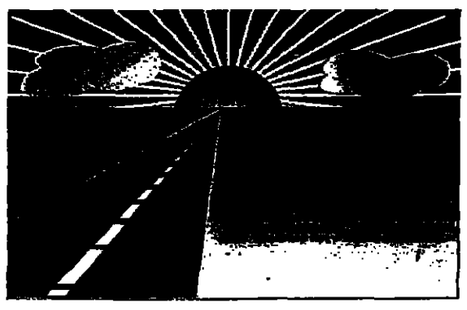

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International Herald Tribune

WEEKEND

☐ Protest Songs
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Teatro Lirico Nacional La Zarzuela/Madrid

The cast of "La Chulapona," a zarzuela from the Teatro Lírico Nacional La Zarzuela in Madrid had three performances at the Opéra Comique as part of the current Festival de Paris.

CRITICS' CHOICE

BERLIN

Europe and the Orient

■ The ancient cultures of the Near and Middle East and their hold on the European imagination over a thousand years are the subject of "Europe and the Orient, 800 to 1900" opening Sunday at the Martin-Gropius Bau. The show has gathered nearly 1,000 exhibits: Mesopotamian, Egyptian and Persian art — including ivories, crystal, ceramics, glass, metalwork, tapestries and illuminated books — is displayed together with European art of "Oriental" theme from the Renaissance to the 19th century, such as this drawing of a horseman by Albrecht Dürer. Artists represented include Brueghel, Bellini, Guardi and 19th-century "orientalist" painters such as John Frederick Lewis and Jean Léon Gérôme. Until Aug. 27.

PARIS

Michelangelo and Tchaikovsky

■ "Michelangelo, Draftsman," to be seen through July 31 at the Louvre, assembles for the first time a selection of drawings representing the major stages of the artist's career. Drawn from the main repositories of Michelangelo's work, the show displays 73 drawings including preliminary drawings for the Sistine Chapel frescoes, anatomical studies and designs for sculptures and architectural projects. The exhibition, seen in 1988 at the National Gallery in Washington, is presented in Paris in substantially different form, including 35 drawings not seen in Washington. . . . Tchaikovsky's "The Queen of Spades," in the new production of the Teatr Wielki of Warsaw, will be given 11 performances from June 1 to 17 at the Palais des Congrès, with artists of the Warsaw theater and of Moscow's Bolshoi and Leningrad's Kirov theaters in principal roles, and with the French soprano Régine Crespin in the character role of the old countess for most performances. Robert Satanowski, director of the Wielki, conducts, and Marek Grzesinski is the stage director.

TOKYO

Kazumi Kurigama's Photos

■ With the growth of consumerism since the 1960s, Japanese commercial art has received international acclaim, particularly for its abstract approach to the advertising. Typical of the trend is the photographer Kazumi Kurigami, who has been challenging the distinction between fine and commercial art throughout his career. "Kazumi Kurigami: Crush," at Tokyo's Hara Museum of Contemporary Art through June 25, includes 50 such works. Of particular note is the series of photographs taken of glass fragments dropped from various heights. *(Kay Itoi)*

LONDON

Pioneer Ceramicist

■ At his death in 1917, William de Morgan, a pioneer ceramist in the English Arts and Crafts movement, was better known for his best-selling novels than his hand-painted pots. These days his novels, written during the last years of his life, are out of print. But interest in his elaborately patterned plates, vases and tiles, many fashioned in lusterware, has grown in recent years. The interest has been prompted by renewed appreciation for late Victorian craftsmanship and for the creations of the designer William Morris and his followers, among them de Morgan. The first major exhibition of de Morgan's work in more than 50 years is on view at the Victoria and Albert Museum here through June 18. "The Designs of William de Morgan" consists of more than 200 brilliantly colored ceramics, many decorated with bird and animal motifs. Most were made between 1872 and 1907, when de Morgan and his partners operated a series of ceramics workshops in London. Middle Eastern, Spanish and Italian Renaissance pottery inspired many of the designs.

Paris Opera: Feast Before the Famine?

by David Stevens

PARIS — In what amounts to a late season feast before what might well be next season's famine, Paris has been inundated by opera in all its variety. The one thing that all the productions have had in common was that they were being seen, for better or worse, outside their original context.

French *opéra comique* was represented by a monster edition of "Carmen" and an intensely dramatic revival of the Poulenc-Cocteau "La Voix Humaine." Authentic Spanish *zarzuela* made an all too brief Paris debut with Federico Moreno Torroba's "La Chulapona," and the Palais Garnier is bringing down the curtain on 114 years as the home of the Paris Opéra with the world premiere of an ambitious product of the German avant-garde, York Höller's "The Master and Margarita."

If Pier Luigi Pizzi's panoramic production of "Carmen" at the Bercy sports palace proves anything, it is that Bizet's masterpiece — probably the world's most popular opera — is truly indestructible. Except for a brief appearance a few years ago in the Edinburgh Festival production; it has been absent from its true home, the Opéra Comique, for almost three decades. But it has survived and even thrived on an inflated 1960s production on the huge stage of the Palais Garnier, not to mention such variants as "Carmen Jones" or Peter Brook's miniaturized "Tragédie de Carmen."

The annual large-scale productions at Bercy have been a huge public success, with audiences of up to 15,000 a night for three weeks of performances. The sheer mass involved in these productions is a determining factor in artistic decisions. In previous years the operas chosen — "Aïda," "Turandot," "Nabucco" — more or less lent themselves to panoramic treatment, largely because of the vital musical and dramatic role played by the chorus.

The one thing that all the productions have had in common was that they were being seen, for better or worse, outside their original context.

But "Carmen" is essentially an intimate drama, and it can be expanded to fill the available space — about the size of a hockey rink — only by multiplying nonessentials. This production has more horses than solo singers, also more soldiers, café loungers, Gypsies, cigarette girls and whatnot. "Carmen" is all but lost in the crowds.

On its own terms, Pizzi's production is a good show, and on the first night a success with the public. It was a staging constantly on the move, making heavy demands on the singers — for instance, the musically complex quintet involved constant movement that must have taken hours of rehearsal, and Alain Fondary as Escamillo sang about half his role on horseback, equally impressive as equestrian and singing actor.

Unfortunately the amplification — in previous years discreet and subtly calculated — was crude, giving the voices a harsh, disembodied quality and conveying imbalanced orchestral sound. All the same, some of the elegance of Teresa Berganza's Carmen came through, while James Hoback was a boyishly stalwart Don José and Adriana Ferrarini an attractive Micaela. Lawrence Foster, with the Monte Carlo Philharmonic in the improvised pit, kept the music moving briskly and held his far-flung forces as together as possible.

It seems that "The Master and Margarita" was originally headed for a world premiere at the Hamburg State Opera, and when that fell through it was snapped up by Jean-Louis Martinoty as the final production of his term as director of the Paris Opéra. It is also, assuming that present plans are firm rather than hypothetical, the final operatic production at the Palais Garnier, which henceforth is to be devoted to ballet while operatic operations are transferred to the new Opéra Bastille.

Höller's work also fit nicely into the general theme of Martinoty's final season, which has concentrated on works that deal in one way or another with the Faust legend.

This first opera by the 45-year-old German composer is immensely ambitious on every level, beginning with the choice of Mikhail Bulgakov's labyrinthine, satirical, fantastic novel. This deals with an uproariously disruptive visit to Stalinian Moscow by

Continued on page 9

The First Fantastic Voyage of Jules Verne

by Barry James

IN 1859, Jules Verne set off backwards to Scotland, and somehow managed to land up in the 20th century. Caught in a time warp for the past 130 years, Verne's marvelously evocative account of a voyage in the footsteps of Sir Walter Scott has just seen the light of day for the first time.

Verne, who died in 1905, was 31 when he wrote his "Voyage à Reculons en Angleterre et en Escosse" (A Journey Backwards to England and Scotland).

At the time, he was starting to make a name as a writer of "scientific romances," or what today is known as science fiction. His publisher, Pierre Jules Hetzel, thought the travel journey wouldn't sell and turned it down. Verne put the manuscript aside and apparently forgot about it.

It was found among his papers, after they were acquired from his descendants seven years ago by the city of Nantes, Verne's hometown.

The travelogue was recently published, along with a similarly unknown collection of poems, by Le Cherche Midi, a small Parisian publishing house, and translations are planned into several languages.

If the journey to Scotland and England was written with an audience in mind, there is no indication that Verne ever intended to publish the poems, which reveal the introspection and the hidden romantic feelings of one of the 19th-century's most popular and bonhomous novelists.

Christian Robin, director of the institute of modern letters at the University of Nantes, who prepared the manuscripts for publication, said the Verne collection of 13,000 pages contains some other surprises, such as some early unpublished works for the theater and some journalistic articles, which the city intends to publish little by little.

Although it was known that Verne, who was of Scottish descent, had made the trip to England and Scotland, the existence of the manuscript was completely unsuspected.

The title needs some explaining. Part travelogue, part fiction, the story is told through the eyes of two fictional friends, Jonathan and Jacques, who decide to travel to Britain on a paddle steamer from Saint Nazaire to Liverpool. The steamer docks at Bordeaux, instead of Saint Nazaire. The friends are forced to make a rapid readjustment of their plans, traveling on a slow old boat in the wrong direction to link up with the steamer.

THERE was a second meaning, to which Verne alluded in concluding his book. For it is on returning from a voyage that the real journey begins — the journey through the mind, embellished by the imagination and reinvented through the perspective of vivid memories.

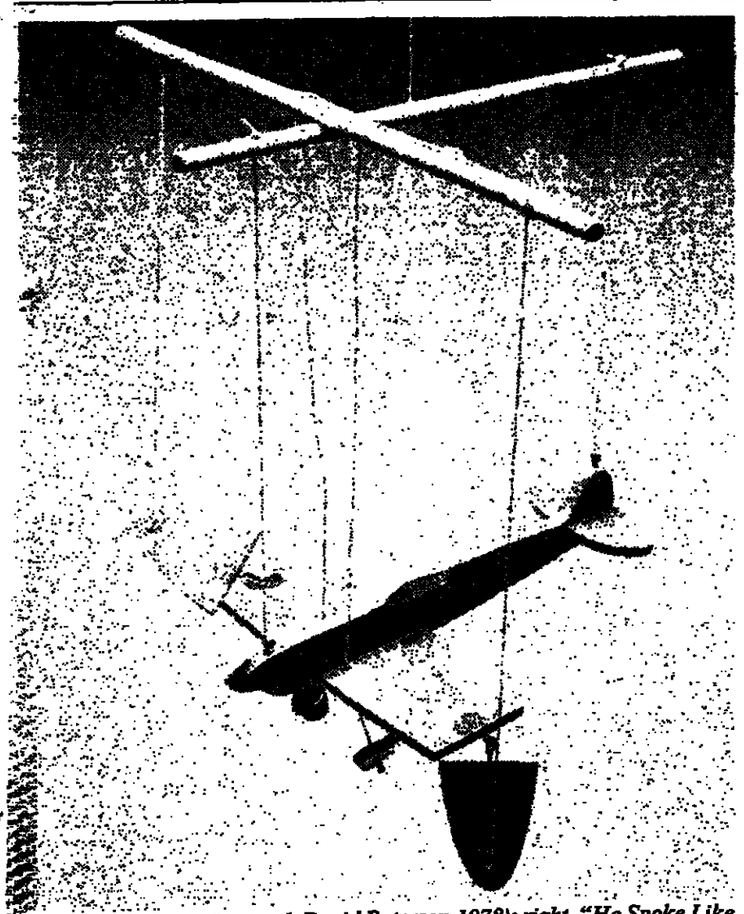
Verne, who was making his first journey abroad, enthused about the various means of locomotion he employed with a relish that is difficult to recall in a time of bland mass transportation.

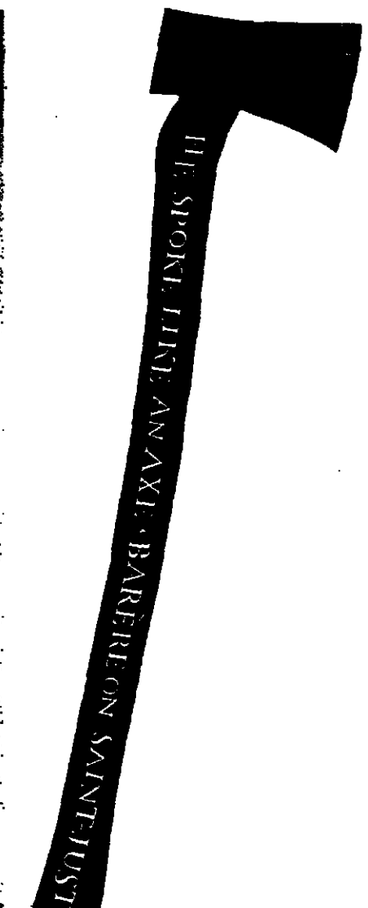
The steamer Hamburg, which carries the friends to Liverpool is their introduction to Victorian "English comfort," with its salon of richly varnished wood, furnished with vast sofas and hung with elegant drapes.

The book marvels at the velocity and the comfort of the train that whisks Jonathan and Jacques from Liverpool to Edinburgh in a matter of hours. But like the modern traveler who ventures onto a trainload of soccer hooligans, Verne's heros are appalled by a 15-hour trip in third class on the North British Railway from Edinburgh to London in the company of a noisy bunch of ruddy-cheeked and overweight Cockneys whose "gross gaiety" was inspired by "rivers of whisky or gin."

In London, the friends see the great ship Leviathan under construction — the vessel, renamed the Great Eastern, which later car-

Continued on page 9





Above, "Marionette II" (with David Paterson, 1978); right, "He Spoke Like an Axe" (with Richard Healy, 1984).

A Tangled Tale of Art and Law

by Michael Gibson

IAN Hamilton Finlay is a Scottish poet and artist of 64 who lives in the Arcadian setting of what might be described as a philosophical garden.

It is a real garden — a marriage of nature and contemporary art, with trees, flowers, ponds, sundials and inscribed monuments of his own devising — which he and his wife, Sue, have created on their four acres of once barren Scottish land, and which the public may visit. Finlay, who is afflicted with an acute form of agoraphobia, never ventures beyond his garden, outside the village of Dunsyre in southern Scotland.

Yet he has, over the last two years, become the center of a furious Parisian controversy: Was he the right choice for a commission to create a memorial garden on the site of the building in Versailles — now long destroyed — where the Declaration of the Rights of Man was first set down? Although the commission has been canceled, the controversy is far from over.

This lengthy, complicated and sometimes murky fight, now in the courts, has pitted members of the French press against a highly idiosyncratic artist given to writing both exquisite poetry and vitriolic letters — at a time when the French continue to debate the meaning of the 1789 Revolution.

The question of Finlay's fitness for the commission, awarded by the French government in 1987, was first raised in that same year after the French magazine Art Press accused him of being a fascist. The accusation was echoed a year later by participants in a panel discussion broadcast over the radio station Europe 1. Finlay and his wife are suing both the magazine and the radio station for libel. The first hearing took place at the Palais de Justice in Paris on May 10.

The Finlays are also suing Galleries Magazine — a publication that at first supported Finlay's work but later joined in the accusations — and a Canadian portrait sculptor, Jonathan Hirschfeld, who executed a number of busts to Finlay's specifications in the course of the 1980s; they are accusing him of maliciously divulging the contents of some of Finlay's private letters to him. Hirschfeld, who is bringing a countersuit (for harassment and in order to establish that the busts are his artistic property), claims that he divulged nothing because Finlay habitually circulates his letters.

This correspondence, excerpts of which were read over the radio in March, 1988, and quoted both in Art Press and in The Times Literary Supplement, has recently been produced in court. It contains a number of passages that, in the opinion of defense lawyers, could be construed as containing racial slurs.

The focus is a highly idiosyncratic artist given to writing both exquisite poetry and vitriolic letters.

The spark that set off the controversy was a complex work, entitled "Inter Artes et Naturam," that Finlay displayed at the Musée d'Art Moderne de la Ville de Paris in May and June 1987. Conceived in the form of stone fragments such as might be laid out to punctuate a philosophical stroll through a garden, it included three marble slabs, one inscribed with the word *asso* (Italian for bone), the second with the SS symbol, the third one blank.

The catalogue presented this part of the piece as signifying "an element of terror and disquiet which is inseparable from nature in its pure state, devoid of any redemption," and Finlay later asserted that "it should be construed as an anti-Nazi piece that assimilates the SS symbol to the 'primitive savagery' of nature and to death." The Scottish Arts Council agrees and has rallied to his defense.

Art Press, however, in its June and July issues, cited the SS symbol as proof that the artist had Nazi sympathies, adding as further evidence that Finlay's garden has a sign pointing to the "Siegfried Line," and revealed that the artist had once had an exchange of letters with Hitler's architect, Albert Speer. These letters, Finlay says, dealt with a miniature garden that Speer devised while he was imprisoned in West Berlin.

The "Siegfried Line" was once again mentioned in a panel discussion over Europe 1. Stéphane Paoli was the host, and the guests were Catherine Millet of Art Press, Michel Blum of the Ligue des Droits de l'Homme, and Catherine Duhamel of the Ministry of Culture. Duhamel was supposed to present Finlay's point of view but did not know all that much about him. She did, however, point out that Finlay's "Siegfried Line" was the family clothesline, and that the sign referred to one of the most famous songs of World War II: "We're going to hang out our washing on the Siegfried Line (have you any dirty washing, mother dear?)"

PAOLI, unfamiliar with the song, wondered whether the allusion might not require "too much of a cultural effort" on the part of the public. Finlay's SS inscriptions were mentioned at the beginning of the broadcast but were later referred to as swastikas. Passages from letters to Hirschfeld were read and the broadcast concluded with Paoli demanding that François Léotard, then the minister of culture, cancel Finlay's commission.

The commission was then canceled. As Dominique Bozo, the Ministry of Culture's delegate for the arts, acknowledged in a

Continued on page 9

WEEKEND

Popular Music's Angry Voices

by Stephen Holden

CORRUPTION, poverty, crack, racial tension, AIDS and a poisonous environment: The plagues of the late '80s and the nightmarish anxieties they arouse are darkening popular music.

Though by no means the dominant theme, a mood of embattled discontent has touched every musical genre, from pop to hard rock to heavy metal to rap. After having been shunted to the sidelines for more than a decade, guitar-based folk pop — the idiom that has carried protest songs since the days of Woody Guthrie — is making a comeback. The range of voices — despairing, angry, sorrowful and ironic, from London to Los Angeles — mirrors an increasing fragmentation and deepening sense of helplessness.

The latest cycle of what used to be called protest music is strikingly different in mood from that of 25 years ago. There are no implied happy endings blowing in the wind.

The old liberal certainties have given way to an anguished pessimism. The music's outlook is at best grimly realistic, at worst apocalyptic. While the old protest songs were rallying cries aimed at mobilizing a community, most '80s protest songs are cranky, personal tirades, reflecting alienation rather than unity. Rather than purveyors of hope, today's songwriters tend to be prophets of rage who can only rail about conditions for which there seem to be no solutions. And if some of today's songs are preachy and overblown, others are brilliant examples of terse musical storytelling.

On John Cougar Mellencamp's ornery new album, "Big Daddy," the Indiana-based rock singer and chronicler of small-town life looks beyond the heartland to the world at large. What he sees is a Darwinian jungle in which people are either oppressive, power-mad egotists — big daddies — or victims. The song "J.M.'s Question" runs down a list of the world's ills from contaminated food and water, to ozone depletion, to nuclear weapons, to the destruction of rain forests, in a tone of scathing sarcasm.

If Mellencamp's voice sounds strikingly reminiscent of Bob Dylan at his most caustic, his message is even darker than that of

Chapman: talkin' 'bout revolution.

Dylan's stern '60s tirades. Dylan's songs held up an Old Testament vision of righteousness and retribution. In Mellencamp's songs there is no higher authority, only people behaving like beasts. "What kind of world do we live in / When you do it to your buddy before he does it to you?" chimes the chorus of "J.M.'s Question."

TWO leaders in the resurgence have been Tracy Chapman, the black Boston-based singer-songwriter, and Living Colour, the black, New York-based hard-rock band founded by the guitarist Vernon Reid. Last year, "Fast Car," Chapman's devastating first-person song about a young couple trapped in a cycle of poverty, single-parenthood and homelessness, became one of the year's most unlikely hits.

This spring, Living Colour's "Cult of Personality," a snarling hard-rock anthem whose lyric warns against blindly following charismatic leaders, narrowly missed hitting the top 10. Most of the other songs on the albums by Chapman and by Living Colour also deal with political issues, in particular racial friction. In concert, Living Colour performs Chapman's song "Talkin' 'bout a Revolution," which predicts, "Poor people gonna rise up / And take their share."

Among white American rock bands, 10,000 Maniacs, from Jamestown, New York, is at the forefront of a revival of fervent folk-rock. Natalie Merchant, the group's lead singer and chief songwriter, writes quirky lyrics that have the resonance of contemporary parables. On the group's superb third album, "Blind Man's Zoo," some of the topics include pollution, poverty, unwanted pregnancy and racism. "I wonder just how long they knew our well was poisoned but they let us just drink on," muses the narrator of "Poison in the Well."

Today's political songs addressing specific issues tend to be more sharply focused than those of 25 years ago. In his song, "The Word Justice," on his forthcoming album "World in Motion," the Los Angeles singer-songwriter Jackson Browne draws connections between America's foreign policy and the epidemics of crack and gang warfare on city streets:

In the streets of America, the children are buried
Caught up in an avalanche of weapons and drugs
They live and they die in the bowels of a business
That's disguised as a war between the Crips and the Bloods
And there is a need to keep some things a secret
The CIA deals protecting the source.

Lou Reed's acclaimed album, "New York," is a collection of infuriated broadsides about a multitude of current events, issues and personalities from the Howard Beach incident to Jesse Jackson to the tolls of the AIDS and crack epidemics. Reed's recurrent image of the "Statue of Bigotry" distills his angry vision of an unjust society.

THE songs on Mellencamp's and Reed's albums represent a strain of angry misanthropy that is relatively new to pop. Other recent albums — Elvis Costello's "Spike" and Randy Newman's "Land of Dreams" — also take a dim view of human nature. "Spike" includes one of the angriest diatribes ever addressed to a politician in "Tramp the Dirt Down." Calling

Elvis Costello: corrosively cynical.

Jackson Browne: "How long?"

John Cougar Mellencamp: caustic.

Prime Minister Margaret Thatcher the "madam" of a country he scorns as "the whore of the world," the singer vows he will live long enough to see her buried. "I'll stand on your grave and tramp the dirt down," he swears. In Newman's song, "It's Money That Matters," the high-rolling narrator sneers at intellectuals who "never adjusted to the great big world."

Costello is one of many English artists who came of age in the late '70s when the punk-rock movement revitalized the country's anti-establishment rock tradition, and he has grown to be a corrosively cynical social commentator.

British pop, like British theater and film, is a wellspring of anti-Thatcher sentiment. Joe Jackson, who emerged out of the same environment, voices a skepticism similar to Costello's, though it is not as overtly contemptuous. In the song "Evil Empire" on his new album "Blaze of Glory," the United States is portrayed as a country that's tired, scared, violent and isolated from reality. Even such mainstream English pop acts as George Michael and Simply Red have recorded songs attacking the Thatcher government's dismantling of the British welfare state.

Angrier than Reed's and Costello's rants are the revolutionary exhortations of the New York-based black rap group Public Enemy, whose album, "It Takes a Nation of Millions to Hold Us Back," contemplates a violent response to the white establishment. Where Chapman's and Living Colour's songs evoke a racial climate in which blacks and whites can still march together to overcome injustice and poverty, Public Enemy's ethos excludes whites.

High on its agenda is an injunction to "Bring the noise." That noise is not just the sound of boom boxes blaring out rap on American city streets but angry, organized black separatism. The group's newest single, "Black Steel in the Hour of Chaos," tells of a black prisoner who organizes a jailbreak that frees fellow convicts. A parable of oppression and liberation, the song implies that blacks locked in American jails are political prisoners.

Increasingly, modern pop songs view technology as a Frankensteinian monster. The images of devastation and brutality that run through many heavy metal lyrics could also describe music that is a direct reflection of technological might. One of the music's thrills is the challenge it poses to the body's capacity to withstand noise that suggests repetitive shelling. Metallica is the most popular of an austere new breed of metal band whose grimly oracular songs explicitly invoke the technology of war and its capacity for destruction.

Television is likely to be portrayed as manipulative and dangerously pacifying. The slippery leader against whom Living Colour's "Cult of Personality" warns is described in the lyric as "the smiling face on your TV." And in the band's "Which Way to America?" Reid compares television images of white America with his own firsthand impressions of urban black America:

I look at the TV
Your America's doing well
I look out the window
My America's catching hell.

In Public Enemy's "She Watch Channel Zero?!" television is denounced as a brainwashing, pacifying obstacle to social change: "Her brains retrained / By a 24-inch remote."

The sense of global peril in '60s antinuclear songs like Dylan's "Hard Rain Is A-Gonna Fall" has escalated sharply as the nuclear threat has been joined by the greenhouse effect, the imperiled ozone layer, toxic waste and other environmental issues. For some songwriters, the coming decade may be humanity's last chance to save itself. "This is no time for celebration," warns Lou Reed. "This is no time for inner searchings / The future is at hand."

In "How Long," Browne cries,

How long will it be till we've turned
to the tasks and the skills
That we'll have to have learned
If we are going to find our place in the future
And have anything to offer
where this planet is concerned?

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INTERNATIONAL ARTS GUIDE

AUSTRIA

Vienna

Kunstforum. To June 18: Egon Schiele and his Contemporaries: a survey of Austrian painting from 1900 to 1930 from the Leopold collection: 50 watercolors, paintings and drawings by Schiele, and 100 works by contemporaries including Klimt and Kokoschka.

Messepalast (tel: 93.33.99). To Aug. 6 "Wunderblock: A Chronicle of the Modern Mind." Held to mark the 50th anniversary of the death of Sigmund Freud, the show illustrates the interrelationship of science and art since 1800; on view are scientific instruments and documents alongside art of the same period.

BELGIUM

Brussels

Palais des Beaux-Arts (tel: 512.50.45). To May 28: "Art Deco in Europe," 300 works trace the development of the Art Deco style in Europe from 1915 to 1935; includes ceramics, glassware, jewelry, furniture.

DENMARK

Humlebaek

Louisiana Museum (tel: 02.19.07.19). To June 11: Africa, Africa!, the bulk of the 600 objects on view (including tools, weapons, masks, sculptures and textiles) are from West and Central Africa.

ENGLAND

Bath

National Centre of Photography (tel: 628.41). To June 11: Bailey Now! 75 black and white photographic portraits by David Bailey.

London

Barbican Centre (tel: 638.41.41). To July 9: 100 Years of Russian Art, 1889-1989: the Russian avant-garde from 1910 to 1930 is the highlight among 250 works from private collections in the Soviet Union. Includes paintings and drawings, posters, sculpture and ceramics.

London Accademia Italiana (tel: 407.88.91). To May 31: A Giorgio Morandi retrospective honoring the centenary of the artist's birth features 135 paintings, drawings and graphic works.

Hayward Gallery (tel: 261.01.27). To Aug. 6: Art in Latin America: Latin American art since the early 19th century represented by the work of 170 artists. Among 400 works are paintings, sculpture, popular and folk art, caricature, graphic art and photographs.

Museum of the Moving Image (tel: 928.35.35). To Aug. 1: The Worlds of Charlie Chaplin, a documentary exhibition illustrating Chaplin's life and art.

Royal Academy of Arts (tel: 734.90.52). To June 18: Royal Treasures of Sweden 1550 to 1700: Royal costumes, armor, scepters, miniatures, objets d'art are among 100 exhibits on view.

FRANCE

Lyon

Musée de la Civilisation Gallo-romaine (tel: 78.25.94.68). To Aug. 27 Gallo-Roman Silver Treasures, gathers 250 pieces from European collections (70 from the British Museum) including vases, utensils, mirrors, jewelry, figurines.

Paris

Ecole des Beaux-Arts (tel: 42.60.34.57). To June 25: "Maîtres francais (1550-1800)." 127 drawings, including works by Jacques Callot, Nicolas Poussin, Hubert Robert, François Boucher from the bequest of Paul Mathias.

Grand Palais (tel: 42.89.54.00). To June 26: "The French Revolution and Europe," focuses on the Revolution's influence on European culture from 1789 to 1799. On view are over 1000 paintings, sculptures, prints, maps and documentary exhibits.

Musée des Arts Décoratifs (tel: 42.60.32.14). To Aug. 27: Craft Today U.S.A.: Contemporary craftwork from the U.S.

Musée Guimet (tel: 47.23.61.65). To July 10: Indian miniature painting from the court of the Mogul emperor Akbar, 1556 to 1605, from collections in France.

Musée Jacquemart-André (tel: 42.89.04.91). To May 31: Historic Russian Costumes 1700-1914: 200 costumes and 48 paintings from the collection of the Hermitage Museum, Leningrad.

WEST GERMANY

Berlin

Amerika Haus (tel: 819.76.61). To June 24: Gordon Parks: 40 Years of Photography. A retrospective of 160 images.

Cologne

Rheinhallen (tel: 221.34.68). To June 28: Bilderstreit: A vast exhibition at the Cologne Fair Grounds of modern art since 1960 sponsored by the Ludwig Museum, Cologne.

Frankfurt

Kunsthalle (tel: 15.45.171). To May 28: "Je Suis le Cahier: The Sketchbooks of Pablo Picasso," includes 40 notebooks dating from 1894 to 1964.

Hamburg

Hamburger Kunsthalle (tel: 248.25.26.15). To July 2: Max Ernst collages: a retrospective of 200 works ranging from the 1920s to the early 1970s.

Munich

Haus der Kunst (tel: 22.26.51). To May 28: The Mongols – Art and Culture: 300 objects and works of art, the oldest from the 1st century A.D., loaned from the museum at Ulan Bator, Mongolia.

Stuttgart

Staatsgalerie (tel: 212.50.50). To July 23: A retrospective of the work of Salvador Dali, who died Jan. 23, has gathered 140 drawings, 40 sculptures and 140 paintings.

"Salvador Dali, 1904-1989," on view in Stuttgart, goes to the Zurich Kunsthaus, Aug. 18-Oct. 22.

ITALY

Venice

Ca' Pesaro (tel: 520.92.88). To July 30: Francisco Goya: examples of the artist's religious paintings, war illustrations and of the "los caprichos" series are on view among 60 paintings and drawings and 150 engravings.

Museo Correr (tel: 520.62.88). To Sept. 6: A selection of 40 Impressionist paintings from the Mellon collection of the National Gallery, Washington.

Palazzo Fortuny (tel: 522.19.77). To July 2: The Insistent Gaze: Italian Photography 1839 to 1989, represented by 265 images.

Palazzo Grassi (tel: 523.16.80). To Nov. 5: Italian Art 1900-1945, a major exhibition includes over 300 works.

LUXEMBOURG

Luxembourg

Galerie d'Art Municipale, Villa Vauban (tel: 47.96.30.33). To June 5: "Les Dieux de la Gaule Romaine," Gallo-roman religious statuary represented by 100 works loaned from museums in France and Luxembourg.

NETHERLANDS

Amsterdam

Stedelijk Museum (tel: 573.29.11). To May 28: A retrospective of the work of Kasimir Malevich (1878-1935) presented in cooperation with the Hermitage Museum in Leningrad and the Tretyakov Gallery in Moscow. On view are 100 paintings and 48 drawings; theater costume and set designs, engravings, architectural models, porcelain, posters and documentary material.

SWITZERLAND

Lugano

Villa Favorita (tel: 521.741). To July 16: Gold and Silver Treasures from the Thyssen-Bornemisza Collection: among 125 exhibits are examples of 16th and 17th century German goldsmiths' work, Renaissance jewelry, 18th century English and Continental silver.

Martigny

Fondation Pierre Gianadda (tel: 2.39.78). To Nov. 19: Henry Moore: the Henry Moore Foundation in Much Hadham, England is the principal contributor to the show of 60 engravings, 76 drawings and 57 sculptures (12 of them monumental size).

UNITED STATES

New York

Drawing Center (tel: 563.48.22). To July 22: "Complete Architectural Drawings" by the English architect and draftsman Inigo Jones (1573-1645). More than 100 drawings are on view.

Metropolitan Museum of Art (tel: 535.77.10). To July 16: Goya and the Spirit of the Enlightenment, includes 120 paintings, drawings and prints. Organized by the Prado, the Met and the Boston Museum of Fine Arts.

Washington

National Gallery (tel: 737.42.15). To July 30 On the Art of Fixing a Shadow: 150 Years of Photography. Nearly 400 photographs from collections worldwide trace the development of the art.

To June 18: Treasures from the Fitzwilliam Museum in Cambridge, England. Includes Master paintings by Titian, Rubens, Hals, Guercino, Van Dyck, among others, as well as manuscripts, porcelains, coins, medals and bronzes.

Arthur M. Sackler Gallery (tel: 357.27.00). To July 6: Timur and the Princely Vision: Persian Art and Culture in the Fifteenth Century, represented by 160 works of art and objects from the reign of the warlord Tamerlane, or Timor (1338-1405), and his successors. Exhibits include paintings, calligraphies, ceramics, objects in metal, jade and wood.

THE AMERICAN UNIVERSITY OF PARIS

The American University of Paris
announces an
International Conference on the occasion of the
Fiftieth Anniversary of the Opening of the Second World War
Paris, September 26-30, 1989
Simultaneous translation: English, French, Russian

This Conference represents the first-ever open scientific debate among Western, Soviet and Japanese historians on the sequence of events leading to the Second World War. Historians from thirteen countries will participate in the program.

Themes

- The Road to War
- The Abandonment of Poland and the Phony War
- Poland Under Occupation
- The Implications of the Soviet-German Pacts for the Western European Democracies
- The Nippo-Soviet Rapprochement and the Reaction of Nazi Germany
- The Finno-Russian War
- The Italian Question
- The Annexation of the Baltic States
- The Balkan Question
- The Summing Up

The American University of Paris

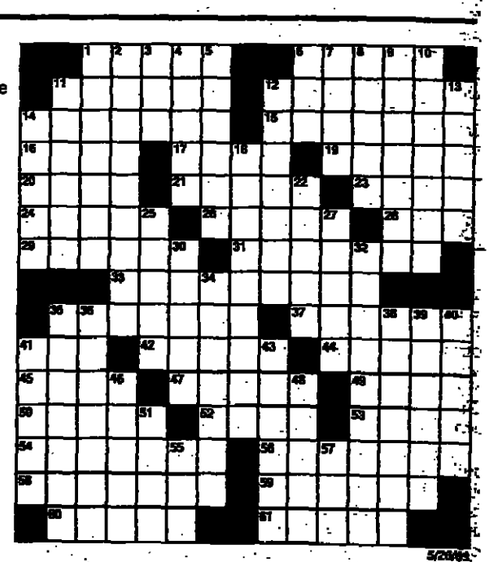
Please send me information on the International Conference commemorating the Fiftieth Anniversary of the Opening of the Second World War.
Paris, September 26-30, 1989

Name _____

Address _____

City _____ Country _____

Please mail to: The American University of Paris, Conference Committee
31 Avenue Bosquet, 75007 Paris, France
Tel. (33/1) 45.55.91.73. ext. 205 Fax. (33/1) 47.05.33.49



ACROSS
1 Ink producer
6 Kipling's Shere Khan
11 ——-café (after-dinner drink)
12 Began again
14 "The Little —— Temple film
15 Surpass
16 Forbear
17 —— avis
19 Expert
20 Places
21 —— Gay, W.W. II bomber
23 Coloratura Mills
24 Begnold and Markey
26 Prognostics
28 Hockey great
29 Glossy fabrics
31 Austerlitz's adopted name
33 Tree of heaven
35 Significance
37 Jim Palmer was one
41 Kind of bolt or dance
42 Like some sleeves
44 Gets into the card game
45 Lincoln and Vigoda
47 Natives of Costa Rica
49 Foie —— (liver delicacy)
50 Charlotte Corday's victim
52 Greek peak
53 Perform an ablution
54 Language spoken by Jesus
56 Herbal teas
58 Do a photographer's job
59 Rids the body of
60 Cross
61 Hoffman's "Midnight Cowboy" role

DOWN
1 Entreat
2 Everyday
3 Halsey's org.
4 Grenoble's river
5 Sara —— Roosevelt
6 Gumshoe
7 Ibiza, e.g.
8 Kind of dog or rope
9 Beethoven's "—— Concerto"
10 Inhale and exhale
11 Calif. city
12 Most authentic
13 Check
14 Nat and Natalie
18 Classicists' opponents
22 Flower: Comb. form
25 Tizzies
27 Spanish film director Carlos
30 Winter phenomenon
32 Fish glue
34 College in Yellow Springs, Ohio
35 Supper club
36 Function
38 Walpole's "The Castle of ——"
39 Whitman's "—— of Grass"
40 Massachusetts has four
41 Devon river
43 Pater ——
46 Aegean island
48 Asian antelope
51 Tense
55 "And in the —— silence of the tomb": Keats
57 Tennis unit

5/26/89

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Solution to Previous Puzzle

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هكذا من الأصل

Cougar Mellencamp: coun

d in the lyric as "the smiling fac
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sions of urban black America:
at the TV
America's doing well
out the window
merica's catching hell.
Public Enemy's "She Watch Cha
television is denounced as a ha
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and other environmental issues
engenders the coming decade mo
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is a time for inner searchings
Hour Long." Browne cries,
are we the tail we've turned
and the dog
have learned
the country to find our place in the fo
we have to offer
have learned?

The New York Times

Paris Opera

Continued from page 7

the Devil and his strange entourage, while on another level there is the Master and his novel about the confrontation of Pontius Pilate and Yeshua (Jesus), which earns him treatment by Soviet psychiatry from which he is finally rescued by the Devil and his devoted Margarita.

Höller, who is his own librettist, brings to the task all the intellectual and technical paraphernalia of a composer whose principal formative ties have been to Bernd-Alois Zimmermann — the composer of the equally ambitious "Die Soldaten" — and Pierre Boulez and his Paris IRCAM research institute.

In addition to an immense orchestral apparatus, the work calls for a synthesizer, four-track tape, and jazz and rock groups for stage music. The many-layered score also calls for almost every kind of vocal expression, plus the use of taped narrative and filmed intervals (some of which were overlong apparently because the Palais Garnier's lack of a revolving stage slowed down the scene changes).

Colette Masson/KIPA

Teresa Berganza as Carmen.

Yet, for the most part, the overpowering impression of the premiere was that the composer-librettist has bitten off more than he could chew. The richness of means is lost in largely arid musical discourse. There are occasional islands of lyricism, and now and then an old friend appears — for instance, a citation from the "Symphonie Fantastique" for the burial of a character coincidentally called Berlioz.

Nor was the staging much help (Hans Neuenfels, director; Reinhard von der Thannen, sets; Dirk von Bodisco, costumes). Familiarity with the novel was almost essential to understand what was going on, yet the richness of Bulgakov's fantastic imagery persistently beggared efforts to represent it on stage. There were effective moments, notably the opening up of the stage back to the ornate Foyer de la Danse to represent the magical expansion of a Moscow apartment to accommodate Satan's ball. At the end, Neuenfels undermined Bulgakov's utopian ending by confronting the Master and Margarita with psychiatric ward straitjackets again.

Perhaps, like Zimmermann's "Die Soldaten," this is an opera that needs the means of a modern theater, which it will presumably get soon enough in West Germany.

James Johnson as Woland, the benevolent Mephistophelian figure, Roland Hermann as the Master and Karan Armstrong as Margarita performed heroically in the principal roles, while the tenors Ian Caley and Werner Hollweg were among those who stood out in subsidiary parts in the large cast. Lothar Zagrosek was in impressive command of the immense musical machinery at his disposal.

For pure musical-theatrical delight the Paris season has offered nothing to top "La Chulapona," a *zarzuela* from the Teatro Lirico Nacional La Zarzuela in Madrid that had three performances at the Opéra Comique as part of the current Festival de Paris.

It was perfectly at home at the Comique. To oversimplify, *zarzuela* is the Spanish counterpart of *opéra comique*, populist entertainment in origin, partly spoken and partly sung, with plots depicting ordinary life, and with airs and dances of a distinct national character.

This three-act work is one of the more elaborate of its kind, dating from 1934, when there was a kind of late flowering of *zarzuela*. Moreno Torroba was one of the more polished and exuberant practitioners of the genre, and this piece overflows with lyricism, now melancholy, now lively, and vitality. The plot, the unraveling of conflicting amorous attachments, is the pretext for the presentation of an engaging cast of popular characters and music that ranges from *flamenco* (not necessarily a typical *zarzuela* ingredient) to songs and dances of popular appeal.

Milagros Martin and Amalia Barrio were outstanding as the rivals for the affection of the tenor, agreeably sung by Ricardo Muñiz. The *flamenco* interlude, performed with tremendous assurance, was worth the admission by itself. Indeed, the whole production — staged by Gerardo Malla and designed by Mario Bernedo — had the sharpness of a Broadway musical.

The Théâtre du Châtelet could have sold out its house for many more than three performances it offered of Gwyneth Jones in a real tour de force — the single role in Francis Poulenc's 45-minute *tragédie lyrique*, "La Voix Humaine," based on Jean Cocteau's monologue.

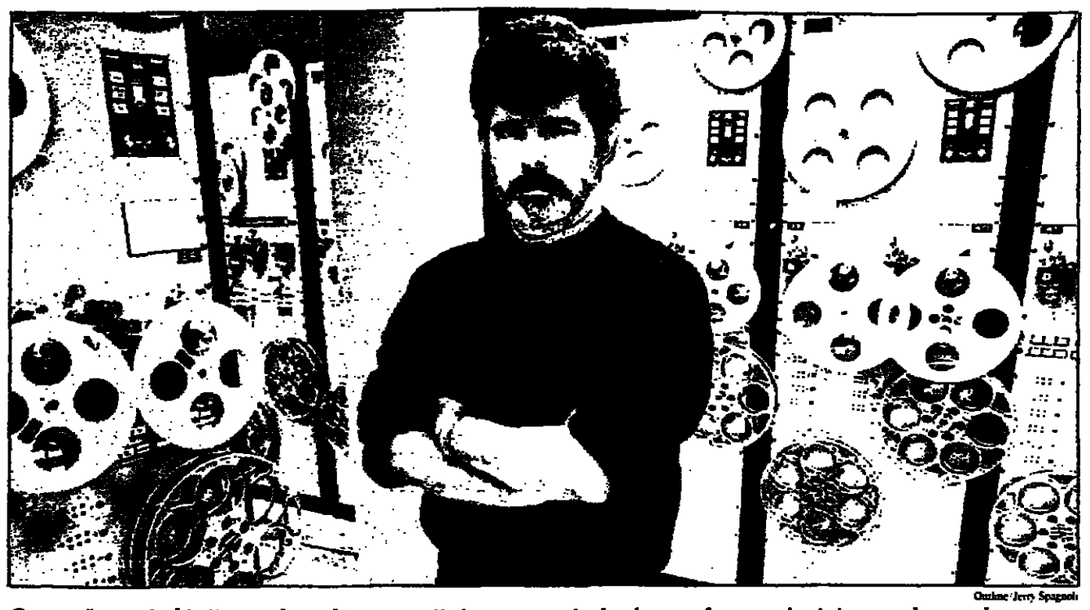
The plot is simple — a woman is having a final phone conversation with the lover who is leaving her, as well as wrestling with the Paris phone system in its really primitive days — but the nuances are infinite. Not only do her changes of mood and feeling run the full gamut, she also has to convey the unheard half of the conversation.

Gwyneth Jones is neither particularly at home in French opera nor, as a dramatic soprano, precisely the vocal type one would immediately think of for this part. Nevertheless, she turned it into a personal triumph.

"The Master and Margarita," Paris Opéra, May 27, 29 and 31. "Carmen," Palais Omnisports de Bercy, through June 4. ■

For Lucas, A World Of Stories

by Richard B. Woodward



Outline/Jerry Spagnoli

George Lucas in his "central machine room," the master playback area for sound mixing, at the ranch.

SAN RAFAEL, California — On a beach in Hawaii, long, long ago — May 30, 1977 — George Lucas and Steven Spielberg were taking a break from business, but talking, as they frequently do, about movies.

"Steve said he'd always wanted to do a James Bond film," recalls Lucas, sitting now in his palatial office at Skywalker Ranch, near San Rafael.

"But only with Sean Connery. He wouldn't do it with anyone else. And I said I had a great idea for a James Bond film. 'It's not James Bond. It's set in the '30s and it's about an archaeologist. It's a modern James Bond film. You'll love it.' So Indiana Jones really evolved out of Steve's interest in doing James Bond."

It took 12 years even for this team to find a way to make the Bond connection, complete with Sean Connery.

Alone or together, Lucas and Spielberg have directed, written or produced eight of the 10 most successful commercial films in history, two of them the Indiana Jones films — "Raiders of the Lost Ark" and "Indiana Jones and the Temple of Doom," starring Harrison Ford.

The third film in the trilogy, "Indiana Jones and the Last Crusade," brings if not an end then at least a pause to their collaboration. It has just been released in the United States.

"I don't think any of us have any intention of doing any more Indiana Jones films," says Lucas, who produced and co-wrote the story for "The Last Crusade."

"Of course, if I should stumble on a really brilliant idea, I'm sure I could talk to Steven and Harrison. But three is a nice number."

IT is hard to imagine the idea that might make Lucas want to leave Skywalker Ranch. Situated up high in grassy hills and valleys, the place has its own lake, baseball diamond, stables, library, technical facilities and dining rooms, all of which keep 150 to 200 people employed.

Grapes from newly planted vineyards will be ready for a first pressing in three years at Francis Ford Coppola's winery nearby.

Post-production for "Tucker" and "Ghostbusters II," as well as "Indiana Jones and the Last Crusade," was channeled through the various divisions of Lucasfilm Ltd., of which George Lucas is the sole stockholder.

The main house, finished only four years ago, has the scale of a mansion. The materials — white shiplap siding, wicker furniture on the wraparound porch, redwood paneling taken from dismantled bridges — make the house feel much older than it is.

To further the illusion that the ranch has been here for decades, Lucas has planted 2,000 grown trees, many of them trucked down from Oregon.

And just as the final installment in the trilogy creates a personal history for Indiana Jones in which Sean Connery plays his father, Dr. Henry Jones, Lucas has spun a fictional past for the house, which, he says, was once owned by an old sea captain.

The Art Deco screening rooms in the technical building are the contribution of one of the captain's two rebellious sons.

The slow, humane pace of storytelling and the acceleration of technology have always been compatible interests of Lucas. Often his films dramatize a conflict between people and machines.

While at work on "Star Wars," he discovered the writings of the late Joseph Campbell, whose PBS series "The Power of Myth," with Bill Moyers, was shot largely at Skywalker Ranch.

Campbell's tape cassettes, on which he dispensed with the footnotes and simply described the relationships between myths from different cultures, spurred Lucas to enlarge that landmark film into a mythic trilogy. "Once I heard the tapes I really became interested," he says.

The idea of a trilogy for the Indiana Jones movies was pledged by both Lucas and Spielberg from the beginning.

"George and I shook hands when the Indy films began," says Spielberg, speaking from Los Angeles. "We agreed that, if the first one worked, we would do three."

According to Lucas, however, "We almost stopped at two because we couldn't think of a good story for the third part."

A screenplay was written for the third installment that involved ghosts and children, two themes with which Spielberg felt himself overly identified. Except for a few elements, such as a tank chase, which were retained, that screenplay was scrapped.

"It wasn't until we maneuvered into the Grail myth, this father-son thing, that it became exciting to everybody," says Lucas.

The plot of the new movie sets the father off in pursuit of the Holy Grail and the son, who ridicules such legends, in pursuit of the father.

"The real issue in the Grail legends is finding inner happiness, eternal satisfaction," says Lucas, who has retained the Christian iconography of the myth while muffling its more cosmic repercussions.

He has even spun a fictional past for his California ranch house.

"The film is about a father and son finding one another, rather than going after some specific thing. They find the grail in each other."

It is apt that Connery should play the father of Indiana Jones in "Indiana Jones and the Last Crusade."

An inside joke about the actor's importance in generating this series of films, it also enables the two filmmakers to reiterate some primal themes dramatized in their most successful movies: Oedipal struggles, absent fathers and rebellious sons, men who must prove themselves.

Lucas initially opposed the choice of Sean Connery to play the role of a bookish professor who has devoted his scholarly research to locating the Holy Grail.

"I thought he was too formidable a figure for the character as he was written," he said.

"He was supposed to be a much older, completely out-of-his-element kind of guy, a scholar — like Joe Campbell. Seeing Sean in the part put a different twist on the character. We decided to make him a tough Victorian schoolteacher. You always turned in your papers on time to this man."

Spielberg insisted on Sean Connery not only because of nostalgia; he also wanted to challenge Harrison Ford to work against a strong actor, something that hadn't been previously required of him in his roles as Indiana Jones.

"I think George saw the role played by an anonymous, English character actor," says Spielberg.

"I wanted another star. He thought Sean was too powerful. I said that Harrison would wipe the floor with him, or that they'd wipe the floor with each other. And I loved the idea of this character back-seat driving throughout the film."

The film opens in Monument Valley, Utah, with Indiana Jones as a child (played by River Phoenix). As he discovers a pack of looters pillaging an archaeological site, he makes off with their prize — a jeweled cross — declaring his high purpose with the cry: "That belongs in a museum."

AS he is chased by looters, the film explains in the manner of a folk tale how Indiana Jones came by his attributes: the whip, scar, hat, his name and his profession.

This sequence, which Lucas calls the "teaser," pays homage to old movies, which seemed to function as mythic elements for both filmmakers, and it shows Indiana Jones growing up with a Teddy Roosevelt morality.

One need only compare the opening of the first film, "Raiders of the Lost Ark," in which Indiana Jones is introduced as a looter himself, to catch the ironic recycling. ■

Richard B. Woodward writes frequently about the arts. He wrote this for The New York Times.

Jules Verne

Continued from page 7

ried Verne on his first visit to the United States and inspired his book "Une Ville Flottante."

Verne was unsettled by English eating habits and the food, which appears to have consisted principally of enormous quantities of cooked meat and ham. Jonathan and Jacques watch with horror mingled with the bemused detachment of a couple of middle-class Frenchmen as a roast-beef dinner degenerates into fisticuffs over a minor dispute. They manage to avoid involving themselves, and the honor of France, by turning off the gas lights and slipping away in the confusion.

Finally, Jacques and Jonathan are greatly relieved to find a French restaurant, even if the cuisine suffered from "a little English air."

In another and more macabre reminder of home, the two tourists visit the Chamber of Horrors at Madame Tussaud's waxworks to see what was billed as the "original" guillotine used to execute King Louis XVI and Queen Marie Antoinette.

In the teeming port of Liverpool, Jacques and Jonathan are struck by the contrast between the fabulous wealth pouring into the warehouses from every corner of the earth and the poverty-stricken workers, with their masses of grubby children, packed into squalid rows of houses. Edinburgh impressed them with its classical façades, its castle in the rain and its sooty pall of smoke.

In the misty hills and blue lakes of the Scottish Highlands, Verne's heroes embark in search of the spirit of Walter Scott, conjuring up the dreamy notions of an age besotted with Romanticism. But they are quickly brought back back to reality by the grimy mills, factories and mines of northern England, which, seemingly setting the whole earth on fire, served as a reminder of the heavy price of Victorian opulence.

Apart from its humor and literary merits, Verne's account of his trip to Scotland and England is important, Robin says, in showing how the novelist acquired and developed some of his ideas and themes in later works. It was his first foreign trip, his first long sea journey and his first encounter with the steam age in the world's preeminent industrial country. Jonathan and Jacques race around the British Isles in a single week, but find time for nonchalant observation of everything from architectural styles to table manners.

It was a technique that Verne later brought to fruition in his great journey of the imagination, "Around the World in Eighty Days." ■

Le Cherche Midi

Discovering a French restaurant à la Verne.

A Tangled Tale of Art and Law

Continued from page 7

letter to the Finlays a month later, the government wished to avoid any controversy touching upon this commemoration. He now stresses that the controversy, while relevant to a creation commemorating the Declaration of the Rights of Man, has not prevented French museums from buying other works from Finlay since the issue became public.

There is no denying that Finlay's critics failed to describe, let alone interpret, the incriminated work in the context of the artist's past production. Like most art, his work is not without ambiguities, and even one sympathetic critic observed that Finlay often walks the razor's edge.

Since the early 1980s, he has also been involved in a conflict with the Strathclyde Regional Council. Having designated one of the buildings on his property as a garden temple, he refuses to pay land taxes on that part of his grounds. There have been various moves and appeals, and at one point a frustrated regional official said that "neither the region's representatives nor its computer know what a garden temple is."

According to Yves Abrioux, who has written a study of Finlay's work, the artist makes an issue of this matter because he believes that significant art can only exist where a holy or sacred domain is acknowledged — and he has been willing to test his conviction in law. This foray into the realm where fantasy meets legislation is typical of Finlay and goes a long way to explaining how his work provokes people. Finlay himself adds that contemporary society must make room for reverence — and he sees himself as a "dissident" in his defense of this value.

Ian Hamilton Finlay

His work struck some critics as problematical once he began taking an interest in neo-classicism and introduced military metaphors and images in his art during the 1980s. Typical of this is a low-relief showing a tank in a woodland setting with the inscription "Et in Arcadia ego — after Nicolas Poussin." Finlay explained the inscription at the time by referring to Irwin Panovsky's essay on Poussin in which he shows that the true meaning of this phrase, uttered in the presence of a grave, is: "Even in Arcady, I, Death, hold sway." Viewed in this light, the artist's military metaphors are presented as a grim modern alternative to a "memento mori" — the moralizing skull and bones.

Finlay reacted to the accusations of his French critics in various ways — sometimes with a heat that could hardly be deemed strategically sound. The campaign in Art Press had begun during the summer preceding Finlay's exhibition on themes of the French Revolution at the Cartier Foundation — and the artist retaliated, for instance, by displaying a plaster head of his chief adversary, Catherine Millet, in a basket filled with sawdust.

Sue Finlay finds this less outrageous than the treatment to which her husband was subjected in Millet's magazine, and claims that Finlay was merely "meeting their aggression with an aggression through the medium of art."

Jochen Gerz who, with his wife Esther, designed a "Monument against Fascism" for the city of Hamburg two years ago, says, "I don't consider Finlay to be a Nazi but rather a radical conservative." He adds: "Because of his fundamental innocence, in fact, Finlay rather reminds me of Ezra Pound." In Gerz's view, the fact that Finlay never travels also prevents him from measuring the impact of his words in a context remote from his own. The wild words, meanwhile, are coming home to roost.

The court will hand down its decision on June 14. ■

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NYSE Most Actives

	Vol.	High	Low	Last	Chg.
NCNB	45725	43⅞	41⅞	43⅞	+1⅞
Maytag	30493	23⅝	21¼	23½	+2⅛
Texaco	26431	56⅝	55½	56⅛	+ ½
TexUtil	20328	31	30⅛	30¾	− ⅛
Syntex	19163	48¾	46½	47¾	+1¼
Citicorp	18198	31¾	30½	31⅛	− ⅜
WarnC	18020	52⅛	51⅞	51⅞	+ ⅛
Unisys	17877	25½	24½	25½	+ ⅞
EKodak	17010	45⅜	44⅝	44⅞	+ ⅛
AT&T	15756	35⅝	35⅜	35⅜	− ⅛
RJR pf	14707	22⅞	22⅝	22¾	− ¼
GenEl	14188	54⅛	52⅜	52¾	− ⅞
PhilMr	12726	140⅜	137½	140	+2⅞
NoestUt	12644	21¼	21⅛	21⅛	− ⅛
BnkAm	11411	28	27⅝	28	+ ½

Dow Jones Bond Averages

	Close	Ch'ge
Bonds	90.38	−0.24
Utilities	90.75	−0.50
Industrials	90.00	+0.02

Market Sales

NYSE 4 p.m. volume	154,470,000
NYSE prev. cons. close	208,583,850
Amex 4 p.m. volume	11,410,000
Amex prev. cons. close	11,580,000
OTC 4 p.m. volume	129,163,500
OTC prev. 4 p.m. volume	122,357,800
NYSE volume up	80,416,300
NYSE volume down	51,448,000
Amex volume up	5,926,800
Amex volume down	3,944,400
OTC volume up	58,716,553
OTC volume down	39,100,862

NYSE Diary

	Close	Prev.
Advanced	844	762
Declined	629	661
Unchanged	510	534
Total Issues	1983	1957
New Highs	109	83
New Lows	10	24

NYSE Index

	High	Low	Close	Ch'ge
Composite	178.20	177.89	178.05	+0.08
Industrials	214.85	214.36	214.58	+0.25
Transp.	170.86	170.10	170.10	−0.60
Utilities	85.86	85.66	85.74	−0.23
Finance	149.38	149.08	149.38	+0.23

Odd-Lot Trading in N.Y.

	Buy	Sales	*Sh'rt
May 24	378,846	515,728	13,880
May 23	587,482	583,784	3,475
May 22	564,500	13,486	619,284
May 19	715,624	610,548	4,372
May 18	569,437	462,051	24,064

*Included in the sales figures

Thursday's NYSE Closing

Via The Associated Press

Dow Jones Averages

	Open	High	Low	Last	Chg.
Indus	2478.01	2498.72	2467.56	2482.59	— 1.28
Trans	1152.98	1159.61	1147.32	1152.65	— 1.62
Util	199.32	200.98	198.26	199.27	— 0.47
Comp	945.99	953.16	941.66	946.86	— 0.98

AMEX Diary

	Close	Prev.
Advanced	329	301
Declined	260	308
Unchanged	264	264
Total Issues	853	873
New Highs	30	22
New Lows	13	14

Standard & Poor's Index

	High	Low	Close	Ch'ge
Industrials	367.13	365.35	366.50	+0.45
Transp.	266.90	265.60	265.79	−0.85
Utilities	131.14	130.19	130.23	−0.91
Finance	29.83	29.72	29.81	+0.01
SP 500	319.60	318.42	319.17	+0.03
SP 100	298.53	297.21	297.73	−0.32

NASDAQ Index

	Close	Ch'ge	Week Ago	Month Ago
Composite	442.89	+1.40	439.81	426.18
Industrials	439.20	+1.51	436.33	419.37
Finance	511.71	+0.07	508.85	505.29
Insurance	488.30	+0.65	483.81	486.16
Utilities	682.36	+6.23	673.38	629.90
Banks	463.68	+3.13	460.99	458.43
Transp.	414.74	−1.46	415.43	410.97

NASDAQ Diary

	Close	Prev.
Advanced	1,112	1,006
Declined	850	964
Unchanged	2,479	2,470
Total Issues	4,441	4,440

AMEX Most Actives

	Vol.	High	Low	Last	Chg.
IntBknt	6733	5⅝	5⅜	5⅝	[illegible]
FruitL	6580	10⅝	10⅛	10⅜	[illegible]
BAT	5753	8⅝	8⅜	8⅝	[illegible]
TexAir	4558	13⅞	13⅝	13⅝	[illegible]
Gundle s	3650	23	21⅝	22⅛	[illegible]
WangB	3282	8⅝	8	8	[illegible]
ENSCO	3192	3½	3	3⅛	[illegible]
Coron n	2754	6⅝	6⅛	6⅜	[illegible]
Lionel	2637	7⅝	7⅜	7⅝	[illegible]
EchoBy	1739	13⅝	13	13⅝	[illegible]
NY Tim	1642	31⅜	30⅞	31	[illegible]
FAusPr	1629	8⅝	8½	8⅝	[illegible]
WDigitl	1567	11⅛	11	11	[illegible]
Diasonc	1508	3	2⅝	2¾	[illegible]
ArcAlsk	1479	11⅛	10⅞	11	[illegible]

AMEX Stock Index

High	Low	Close	Ch'ge
352.74	350.81	352.65	+1.88

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

New York Stocks Finish Mixed

United Press International

NEW YORK — Stock prices finished mixed Thursday on the New York Stock Exchange after participants greeted a sharp downward revision in U.S. first-quarter gross national product as more evidence of an economic slowdown.

The Dow Jones industrial average, which rose 5.86 points Wednesday, slipped 1.28 to close at 2,482.59.

Broader market indicators ended higher. The New York Stock Exchange composite index gained 0.08 of a point to close at 178.05, and Standard & Poor's 500-stock index rose 0.03 to 319.17. The price of an average share gained 2 cents.

Advances outnumbered declines by about a 4-3 ratio. Big Board volume slowed to a moderate 154.47 million shares ahead of the Memorial Day weekend, compared with 178.60 million traded Wednesday.

Earlier Thursday, the government said the total U.S. output of goods and services grew 4.3 percent in the first quarter, down from an estimated 5.5 percent. Forecasts had called for a downward revision to about 5.3 percent.

Stocks opened almost 7 points lower in sympathy with bond prices, which were depressed slightly by the unexpected economic data.

Ernie Rudnet, manager of block trading at Mabon, Nugent & Co., said the economic news coupled with a flurry of program trading early in the day helped stocks bounce back to higher levels for most of the session.

"I think people are looking for places to put money back to work in the marketplace," he added.

Analysts said the revised GNP data provided further evidence of a modest economic slowdown, but data on the rate of inflation did not indicate that the Federal Reserve Board should allow interest rates to ease.

The implicit price deflator and the fixed-weight deflator, both gauges of inflation, remained at 3.9 percent and 5 percent, respectively.

"That's the reason the market isn't blasting out on the upside," said Don Hays, director of investment strategy at Wheat, First Securities Inc. He said secondary issues put in better performances than the stocks that make up the Dow Jones averages.

"Anytime the market backs off a little bit, there's someone waiting to buy," Mr. Hays said. "When you look at it in total, there are more pluses than minuses."

Despite the encouraging economic data, traders said the market met with more pressure to consolidate after the rally that pushed the Dow up by 5.5 percent over the last two weeks.

Maytag, trading ex-dividend, was the most active NYSE issue, up 2⅛ to 23½. Texaco followed, up ½ to 56⅛. Texas Utilities was third, off ⅛ to 30¾.

IBM dropped ⅛ to 109⅝, while AT&T slipped ⅛ to 35⅜.

Among the other blue chips, Philip Morris jumped 2⅞ to end at 140, GE slipped ⅞ to 52¾, GM dropped ¼ to 40⅜, DuPont fell 1⅜ to 110¾. Coca-Cola rose ¼ to 58, and Eastman Kodak, trading ex-dividend, added ⅛ to 44⅞.

Merck, which skidded Wednesday amid speculation that its overseas results would suffer because of the higher dollar, rose 1 to 69⅞ as the U.S. currency eased.

صورة من الأصل

ADVERTISING SECTION

1992 The World's Rendezvous With Europe

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European R&D / Can Competitors Work Together?

Counting Cost of Common Research and Development

As member countries haggle their way to the single internal market, EC authorities and businesses are trying to shape a European R&D capacity that can compete on equal terms with the U.S. and Japan.

Launched jointly by Siemens of West Germany and the General Electric Company of Britain, the recent bid for Plessey, the British defense and telecommunications group, underlines the commercial pressures that are bringing high-tech companies together.

Meanwhile, EC authorities, led by the Commission and the European Parliament (EP), are sponsoring a loosely grouped series of collaborative research efforts. Part of a program approved in 1987, they cover a broad range of projects aimed at medicine and health, environmental research, information technology, modernizing industry, biological resources and biotechnology, and energy. The EC may also conclude research agreements with other countries. For instance, it recently signed an accord with Japan to pool information on nuclear fusion.

Besides this EC program, the French government has also launched the Eureka program to develop new technologies, an initiative that has promoted cross-border cooperation in more than 200 individual projects. And EC members are also among the Western European countries that contribute to the European Space Agency.

Despite their diverse means, these programs are pursuing a common end. And they face a common problem: How to overcome the partition of research efforts without restricting competition?

The European aerospace industry, which employs nearly 500,000 people and holds around 25 percent of the world civilian aircraft market, provides a poignant illustration. The industry devotes 15 percent of its turnover to R&D, compared to 23 percent in the United States. Moreover, each European company — and country — tends to work on its own, thus diluting the value of their efforts. Even the heavily subsidized Airbus Industrie, which groups partners from France, West Germany, Britain and Spain, has encountered difficulties in coordinating the activities of each national element of the consortium.

The problem is pervasive, because R&D is increasingly central to every effort to perfect and commercialize new procedures. Advances in car design and manufacture, for instance, depend on technologies ranging from electronics that will wire up the "intelligent" vehicle of the future to plastic composites and fiber optics. At the same time, flexible manufacturing systems are enabling — or compelling — companies to forget everything they once learned about economies of scale, and set their sites on constant adaptation instead.

"Most observers agree that the following are the most important new technologies: information technology; biotechnology; materials technology; space technology; and nuclear technology," comments the OECD (Organization for Economic Cooperation and Development) in a recently published handbook on technology strategy in the 1990s.

Why this emphasis on information technology? "The major technologies are all heavily dependent on IT in their research management and control systems," the handbook explains. "The widespread recognition and singling out of IT as being at the center of the present wave of technological

See Research Page 12

Closing the Research Gap

Although U.S. expenditures on research and development have slowed somewhat in recent years, the United States spends more — over $130 billion — than do Japan, Britain, West Germany and France combined. Unlike 25 years ago, however, these five countries now devote approximately the same percentage of their gross national product to R&D. And in many sectors — notably high-definition television, potentially one of the most lucrative — Europeans are set to play a major role.

R&D expenditures as a percentage of GNP

	1964	1987
Japan	1.5	2.9
West Germany	1.6	2.8
U.S.	2.9	2.6
U.K.	2.3	2.4
France	1.8	2.3

Source: NSF, OECD, IMF and national sources.

Interview / Dr. George S. van Houten, director of R&D, Philips

Can Fortress Europe Crack Fortress America's Walls?

Dr. George S. van Houten, management board member responsible for research and development at N.V. Philips, Europe's largest electronics company, discussed European R&D with Axel Krause, corporate editor of the International Herald Tribune. The following are excerpts from the interview:

Philips executives say it is very unfair that you are being excluded from U.S. R&D programs in the United States. What bothers you?

We sometimes think there is more of a Fortress U.S. than a Fortress Europe. We are also really concerned about the issue of foreign ownership: it should not be a criterion for participating in some R&D programs. We are both democracies, and over-emphasizing the security aspect is not fair. When IBM applied for participation in the Esprit program, we backed this idea even though they are competitors.

Yes, but what about your participation in U.S. programs?

We told our friends at IBM to see to it that we are cleared for participation in U.S. projects, considering that we

See Competition Page 14

High-Definition Television / The Infotech Battleground

A Sharper Picture Puts Policy into Perspective

At least part of the 1992 Olympics in Barcelona will probably be broadcast not only on existing televisions, but also on new HDTV systems that provide bigger, sharper, more vivid images than ever before.

With pictures made up of 1,250 horizontal lines instead of the typical 525 on American television or 625 on European screens, HDTV sets offer images of the quality and clarity more generally associated with big-screen motion pictures.

Their impact is expected to be at least as profound as the shift from black-and-white to color broadcasting was in the 1960s. Industry estimates put the market for HDTV receivers, which are expected to eventually replace existing TV sets, at $100 billion a year in the early 1990s.

HDTV will require new transmission facilities, but can be sent out by satellite, microwave, cable or other existing earth-based terrestrial broadcasting systems. In the not-too-distant future, nearly all television broadcasting, from the BBC to the smallest specialist cable broadcaster, will be on HDTV systems. Some new systems will allow HDTV to be picked up on existing — some would say old-fashioned — TV sets, but the quality would then be only marginally better on those sets. To see and appreciate the higher-quality images produced by HDTV signals, an HDTV receiver — it may not even be called a "TV set" any more — will be necessary.

Because HDTV operates with signals providing four times as much information, the new high-tech HDTV receivers may ultimately function as part of high-powered information technology systems, thereby encompassing the vast home computer market, too.

At this point, however, many questions about HDTV remain.

Will the world be able to watch the Barcelona Olympics on different systems being developed in Japan and Europe? Or will only one be in use at that time? Will the Japanese only be able to watch Japanese-made HDTV, and the Europeans only European-made HDTV?

And what about the United States? The largest TV market in the world is not, at this point, developing its own HDTV, so will Americans be able to view the '92 Games on Japanese or European HDTV? Or both? Or any HDTV at all?

The answers lie in the standards and regulations set by Japan, the European Community and the United States for the manufacture, sale and use of HDTV.

Japanese companies have led the way in introducing HDTV standards. In fact, parts of the 1988 Olympics in Seoul were beamed back to Japan via HDTV. And NHK, the Japanese national broadcaster, hopes to begin operating a satellite-based HDTV service called Hi-Vision some time next year. The problem with Japanese-standard HDTV, at least so far, is that the signals it produces cannot be received on the typical TV set in most homes. Viewers who want to watch HDTV will have to purchase a new — and presumably Japanese — HDTV receiver.

The European Community's standards for HDTV are very different from Japan's, and the EC's multicompany working organization on HDTV, called Eureka 95, has concentrated on research aimed only at developing the European version of HDTV, which allows viewers to receive HDTV signals on their old sets until they decide to take the plunge and pay the expected retail price of $2,500 or so for a new HDTV receiver.

In the United States, the FCC has yet to adopt standards for HDTV,

See Picture Page 13

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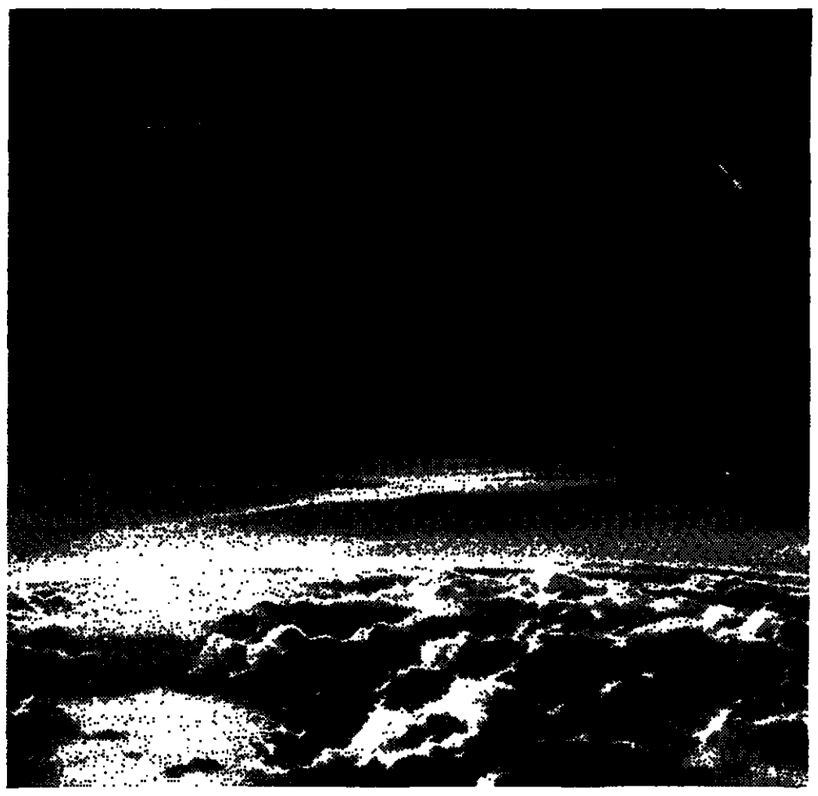

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1992 The World's Rendezvous With Europe

Advanced Materials / The Three-Way Race

Ceramics Research Leads Way Into Next Century

Energy-efficient ceramic engines in automobiles and spaceships, "invisible" bombers, pollution-absorbing proteins, and metals so fine they must be sprayed on are not the stuff of science fiction.

They are products currently being developed in the realm of advanced materials — the catch-all name for new developments in composites, ceramics, polymers, metals, electronic materials and protein engineering — the use of biogenetics to create new organic substances, such as the protein that scientists hope may one day be dumped into rivers to clean up industrial pollution.

Market expected to reach $25 billion a year

Naturally, the stakes are high. As a field that has been projected as one of the pillars of 21st century technology, advanced materials is a rapidly growing market that is expected to generate sales of perhaps $25 billion a year around the world.

As in so many other high-tech fields, the scramble for breakthroughs in the lab and in the marketplace is shaping up as a three-way race among the United States, Japan and the single-market European Community of 1992.

The United States is relying largely on defense spending for the research that yields potentially commercial developments in advanced materials. For example, the B2 Stealth bomber, with its ability to sometimes avoid detection on radar screens, is the result of American military research into advanced materials.

The lack of an integrated European military force means that the EC must compete as the Japanese have in other high-tech fields such as semiconductors and supercomputers — through public-private coordination and cooperation.

"What Europe has done is to follow the leadership of the Japanese and take a look at a Europe, Inc., so to speak," says Ian McGill, research manager at the Johnson Matthey Technology Center near Reading, England.

The results are EURAM and BRITE, originally separate programs for research into advanced materials and new industrial technologies. The two programs originated in 1985 and were recently combined into a single program that will spend an estimated $1.7 billion on research between 1989 and 1992, half of it paid for by the EC and the other half by participating private companies.

In all, the BRITE/EURAM umbrella covers more than 200 European research projects, including the so-called "big science" research that many scientists believe is necessary for breakthroughs — the sort of research that most companies and countries will not fund on their own because there is no immediate bottom-line benefit.

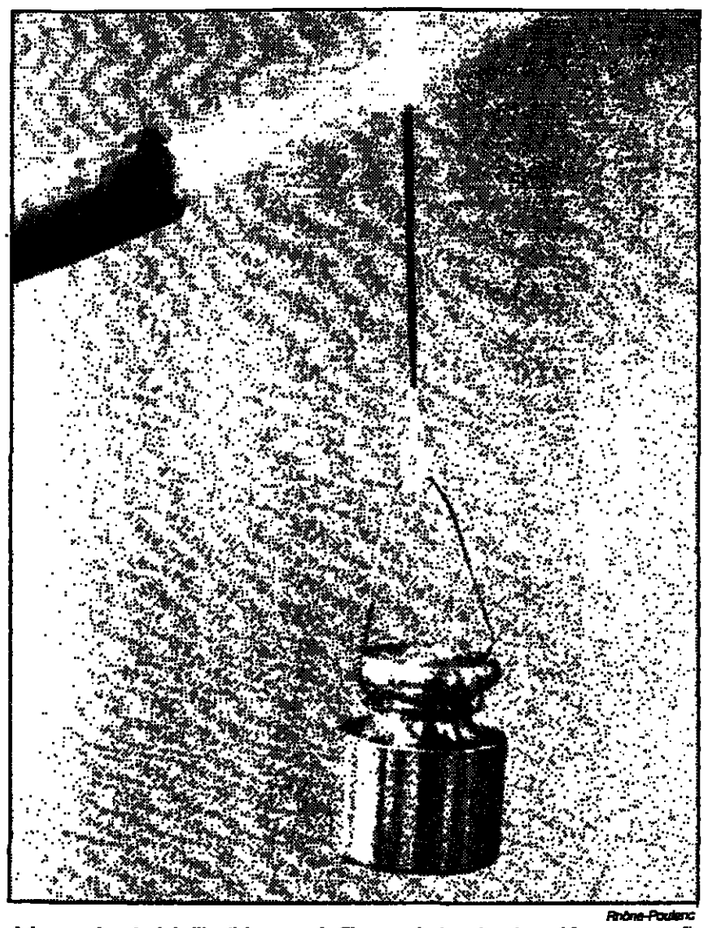
"BRITE has allowed companies to do some more of the 'blue skies' research they couldn't or wouldn't have done on their own," Mr. McGill says.

Intra-European cooperation is geared toward what the EC calls "precompetitive" research, but there are natural tensions over control of the technology among the European participants, many of whom are ardent competitors in the marketplace.

"You still have to negotiate with your partner exactly how the technology will be exploited," says Mr. McGill, who adds that Johnson Matthey, the London-based precious metals group, is involved in five BRITE/EURAM projects with other European companies. "Each of the partners has a similar right to the other partners' technology. You have to think very carefully up front when and how you want to do something."

Mr. McGill refuses to discuss any specifics of Johnson Matthey's BRITE/EURAM research. However, he does concede that much of the emphasis in the general field of advanced materials is on ceramics.

Ceramics are more brittle and harder to machine than the metals most often used in engines and motors, but they also have the capability of withstanding heat, corrosion and wear better than metals. Consequently, one of the most potentially lucrative applications of advanced materials would be in the use of ceramics for automobile engines — allowing them to last longer and run hotter, which means energy savings of one-third or more.



Rhône-Poulenc

Advanced materials like this ceramic fiber are being developed for spacecraft.

Rhône-Poulenc, the French group that is one of Europe's most aggressive players in these relatively early days of advanced materials, is working on a powdered ceramic that is stronger than iron and lighter than aluminum.

The group is also working with Pirelli, the Italian company best known for its tires, on a type of silicon fiber that is durable enough to be used in trans-Atlantic telecommunications cables.

A further project focuses on the development of ceramics for "super fibers" that could be used in 21st century space shuttles, according to Gerard Soula, head of advanced materials research at the company's research center in Saint-Fons, France.

Mr. Soula says that the project underscores the importance not just of positive research results, but also of development to the point that the new component or product can be efficiently manufactured and used. "We have overcome the technological constraints," he says. "We now have to industrialize the innovation."

Timothy Harper

European R&D / Can Competitors Work Together?

Research and Development

Continued from Page 11

change in most OECD countries is therefore not surprising."

But in every sphere of activity, the potential market is as unpredictable as it is enormous. Advanced materials, for example, are currently under development for areas such as defense, electronics and the automotive industry. By next century, they may well have become as commonplace as aluminum is today.

The United States, with the biggest defense budget in the West, leads the field, but a number of European companies have formed alliances with American manufacturers to share the cost of advanced materials development. Fiat, Rolls Royce and Motoren und Turbinen Union (MTU) have linked up with Pratt and Whitney in the International Aero Engines Consortium. Japanese corporations are also members.

At a purely European level, the electronics, defense, aerospace and telecommunications sectors have traditionally enjoyed a measure of protection due to government procurement policies. Now that the EC has become serious about dismantling internal trade barriers, attitudes are changing and this, in turn, is feeding through to R&D.

Defense contracts, in particular, have been traditionally awarded to favored national suppliers, with the relevant government underwriting a large proportion of the manufacturer's R&D costs. Nonetheless, faced with escalating military expenses and a reluctance to increase budgets, Europe's governments are increasingly inclined to let in more competition.

Paradoxically, some observers believe that this trend may merely accentuate the move toward mergers, leading to a handful of huge groups exercising a near-monopoly over European defense contracts. Lending weight to this theory are the recent maneuverings by Daimler-Benz to obtain control of Messerschmitt-Boelkow-Blohm in West Germany, and the merger of the flight electronics businesses of two French state-owned groups — Thomson CSF and Aérospatiale.

But can the future of R&D be entrusted to giant corporations alone?

"Europe has a good reputation for big projects involving big money, big government and big companies," comments Joël de Rosnay, director of development with the Cité des Sciences et de l'Industrie in Paris. "What we now need to encourage is the flowering of smaller-scale research-oriented companies on the 'Silicon Valley' model."

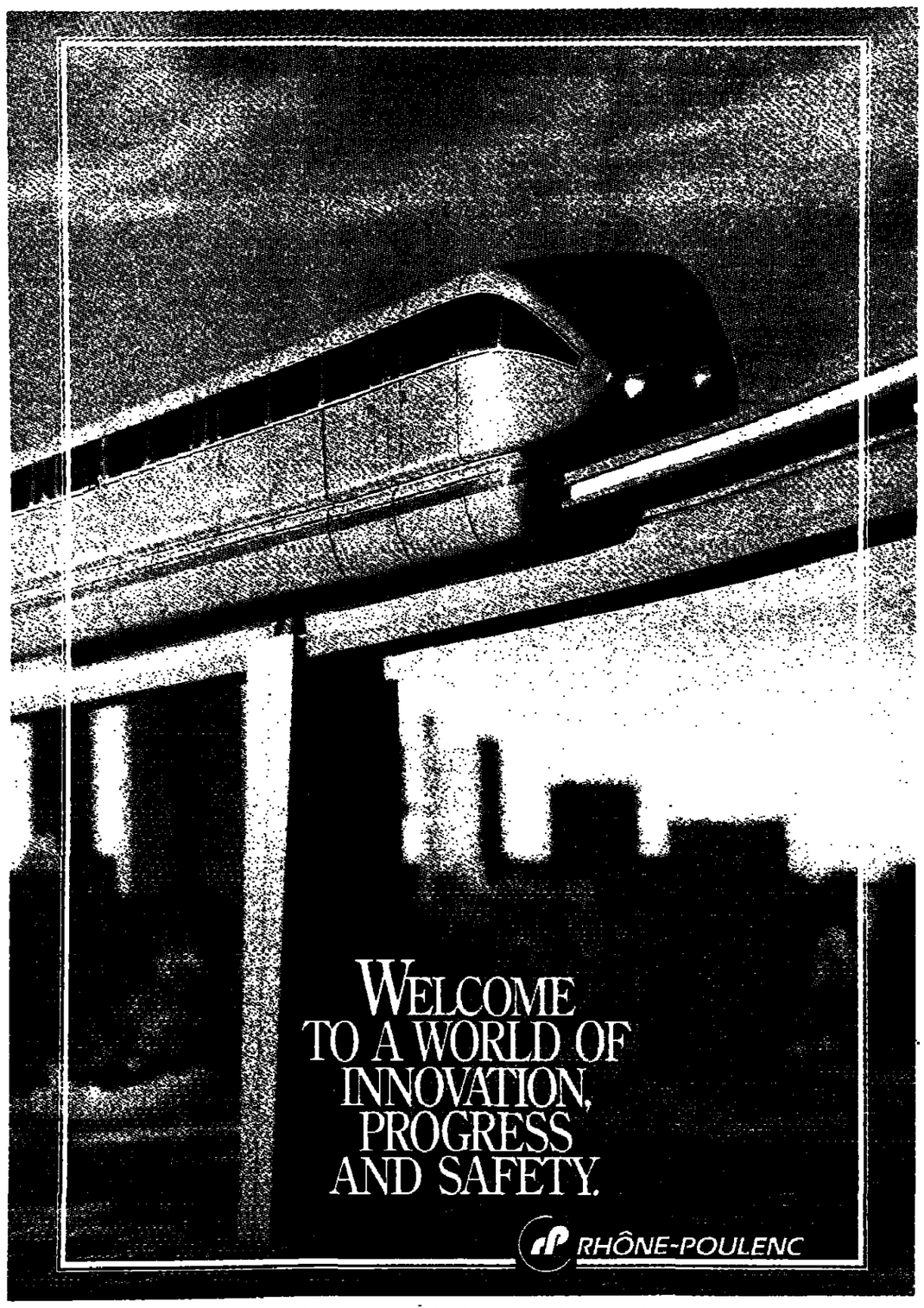
Traditionally, Western European countries have been strong on "pure" research, but weaker than American and Japanese competitors on business applications. "The twelve countries of the EC together account for 34 percent of the GDP of the OECD area, but only a 28 percent (and diminishing) share of total R&D spending," the OECD notes in its latest science and technology indicators report, due to be published in August.

According to the same report, the role of government in financing the national R&D effort has declined in almost every OECD country except the United States, where it is strongly identified with defense spending. "In Japan, where two-thirds of R&D resources are contributed by industry itself, the percentage of the total contributed by government is 21 percent, well below the OECD average of 43 percent," indicates the report.

Since the signing of the Single European Act in 1986, the European Parliament has been given a larger role in vetting EC research and development proposals submitted by the Commission. Euro MP's have consistently called for 8 percent of the EC budget to be devoted to R&D projects, an objective still to be realized.

The amount currently allotted — ECU 8 billion ($5.50 billion) — is probably less than what the Community loses each year in frauds perpetrated against its agricultural budget, which takes some 70 percent of total resources. "We need to plan our R&D programs so that business contributes a fair share of the finance," states Michel Poniatowski, chairman of the EP's energy, research and technology committee. "That way we can be sure that projects will be managed efficiently."

Michael Rowe



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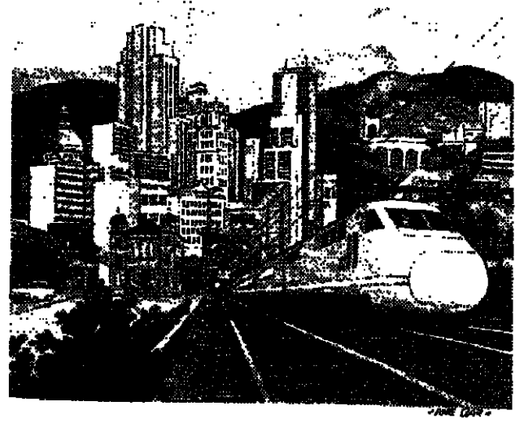

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1992 The World's Rendezvous With Europe

With the European Community in the midst of a research and development boom, will the tide of scientists and researchers crossing the Atlantic reverse again?

The Cutting Edge / Following the Funds

U.S. Scientists Giving Europe a Second Look

The direction of the "brain drain" tends to run in cycles. In the 1920s, Europe was "hot," and Americans were drawn there to study under scientists like Niels Bohr, who ran an institute for atomic studies in Copenhagen. In the 1930s and early 1940s, however, Europe lost some of its best minds when Niels Bohr, Albert Einstein, Enrico Fermi, Edward Teller and others fled Fascism and settled in the United States.

Since World War II, there has been a steady flow of scientists and engineers in both directions. Cambridge University, where American James Watson joined European biochemists in discovering the structure of DNA in the 1950s, exemplified the continent's appeal. But in the postwar period it has been the United States, with its greater resources and financial wealth, that has attracted a larger share of international scientific and technological personnel.

Some statistics indicate that Europe is once again becoming more fertile ground for R&D. The amount of U.S. public and private money spent on R&D, as a percentage of GNP, has leveled off at 2.6 percent, while the share in West Germany has grown to 2.8 percent, according to the National Science Foundation. While U.S. R&D, measured in constant dollars, grew at an annual rate of 5½ percent between 1980 and 1985, the annual rate of increase dropped to 2½ percent between 1985 and 1988. This year, the growth will be about one percent.

Yet total American R&D spending — projected to be about $132 billion this year — still outstrips that of Britain, France, West Germany and Japan combined. Whether or not that means anything in terms of where cutting-edge research is carried out, Americans appear to have a stay-at-home attitude. Officials and scholars involved in international science activities say that while it's difficult to measure, they haven't noticed any greater interest in Europe on the part of American scientists and researchers.

"I think Americans aren't going where things are the most advanced," says Dorothy Zinberg, a specialist in science and technology at Harvard's Kennedy School of Government. "Germany is first-rate in the way that it runs its industry, but you don't get the feeling people are flocking to Germany to study this."

A recent study by the National Academy of Sciences found a number of practical reasons for the reluctance of Americans to go abroad for such activities as post-doctoral research. These included low stipends provided by sponsoring organizations, the difficulty of finding a job for a spouse and concern about re-employment upon return to the U.S.

Presumably, Americans who go to Europe as employees of a large multinational could at least feel more comfortable about their salary and future employment propects. And many of these big companies — AT&T, IBM, Digital Equipment Corp, and others — are participating in the numerous EC-sponsored R&D programs like ESPRIT and RACE.

"The Community's R&D programs have been a lot more open to external influences than [the Community has been] in other areas," says Seona Cahill, a spokesman for the American Chamber of Commerce in Brussels.

Not all European companies are happy to include American corporations in programs designed chiefly to keep Europe competitive. But the EC Commission doesn't exclude American companies if they have a sizable European presence.

The only known instance in which a major American company was blocked came when IBM recently expressed an interest in joining the European Submicron Silicon, a $4 billion program in semiconductor research known as Jessi. Several European companies objected to IBM's participation because they are barred from Sematech, the American semiconductor research consortium.

Some smaller American high technology companies, which lack a European "identity," also have been turned down for participation in the EC R&D programs, according to a U.S. trade official. The U.S. objects to this exclusion, because it seems to encourage restrictions in trade based on the amount of European content in a product.

"It's protectionist," the trade official says. "We say to the EC that, with the exception of Sematech, 'we're open, so why shouldn't you be, too?'"

In one important area, however, Europeans are seeking collaboration with Americans. Christian Schwarz-Schilling, the West German telecommunications minister, visited Washington this month to propose to American officials that the U.S. and the community pool their resources on development of high-definition television (HDTV). Mr. Schwarz-Schilling portrayed the joint effort as a way of surpassing Japan, considered by some to be leading in HDTV research.

An official of the American Electronics Association (AEA), the industry group that wants the U.S. government to financially back an American HDTV consortium, said the West German idea was attractive.

"We haven't addressed [this proposal] yet, but among our membership, people are starting to see Europe as more of an opportunity than a threat," the AEA official said. "The Europeans have woken up about Japan." Two European companies — Philips and Thomson — are in fact already at work on HDTV at their labs in the U.S.

Regardless of what happens with HDTV, science officials in Washington will continue to push their colleagues across the country to give Europe a second look. Besides European advances in such areas as biotechnology, the continent is also an attractive locale for commercialization of R&D. "The government regulations here slow people down," says Alan Fechter, director of science and engineering personnel at the National Academy of Sciences. "The Europeans can get things to market faster."

Steve Dryden

High-Definition Television/ The Infotech Battleground

A Sharper Picture

Continued from Page 11

though the FCC has indicated a preference for HDTV that will also operate on existing equipment, as the European version would. Given the commercial pressures that exist, however, some industry analysts believe the United States may reject both the Japanese and European standards for HDTV and instead try to promote a third. After all, HDTV's anticipated integration with information technology means that it is not just the market for American-made TV sets that would be at risk, but also the market for American personal computers.

"The debate is over whose standard it will be," says John Sanderson, a television industry analyst with County NatWest Securities in London. "There was originally the Japanese standard, then the Europeans started and the Americans are now thinking about their own. Will some sensible compromise come to pass or will there be three different standards?" He said Japanese companies such as Sony and Hitachi, two leaders in developing Japanese HDTV, might ultimately be willing to make and sell European-standard HDTV alongside their own version.

Initially, however, industry analysts believe the EC is attempting to "territorialize" its HDTV developments to build a staging area for becoming the dominant world standard. "The Japanese will be temporarily shut out of Europe," says Jonathan Drazin, an analyst for Dataquest, a technology research group. He predicted that European manufacturers will begin phasing in HDTV next year by selling adapters that allow existing TV sets to pick up HDTV signals. The adapters will allow a slightly sharper picture and marginally better sound, but still will not provide the full benefits of HDTV and the wider screens, perhaps 50 inches diagonal, forecast for typical HDTV receivers. "From 1990 the adapters will be built into the TVs, and from 1991 the receivers themselves will be wide-screen," Mr. Drazing says. However, he added, the starting of new HDTV broadcast services and the conversion of existing broadcast systems to HDTV will take longer, and HDTV may not become widely available to consumers until 1995 or beyond.

So far, the Japanese attitude seems confident, based on the fact that Japanese HDTV, while not compatible with existing TV sets, is already functioning, while the European system remains several years away. "We have a system that is up and running," a Sony spokesman says. "At the end of the day we will probably end up with a number of world standards."

A European Commission official who has worked with the Eureka 95 project, speaking on condition he not be named, says, "HDTV is seen as an important area for European technology. We would like to see some sort of broadcasts in 1992 when the Olympic Games come to Spain. We would like to see them broadcast in the European standard just as the Japanese did with their version during the Seoul Olympics."

He says that the European version of HDTV, when it finally becomes a reality, will be of higher quality than the Japanese version. "It must be realized that the Japanese standards were brought out several years ago and that in some ways these are out-of-date proposals in terms of what technology can achieve."

NV Philips, the Dutch electronics company that is one of the leading players in HDTV research under Eureka 95, has already submitted to the Federal Communication Commission in the United States a proposal for a European-standard system that would be compatible with the ordinary American-made TV set. A Philips spokesman in Eindhoven says the company does not mind competing with the Japanese system, but hopes the United States does not come up with a third standard. "We don't practically think there could be one standard," the spokesman says. "Two and not more standards would be reasonable." Of course, it makes sense to

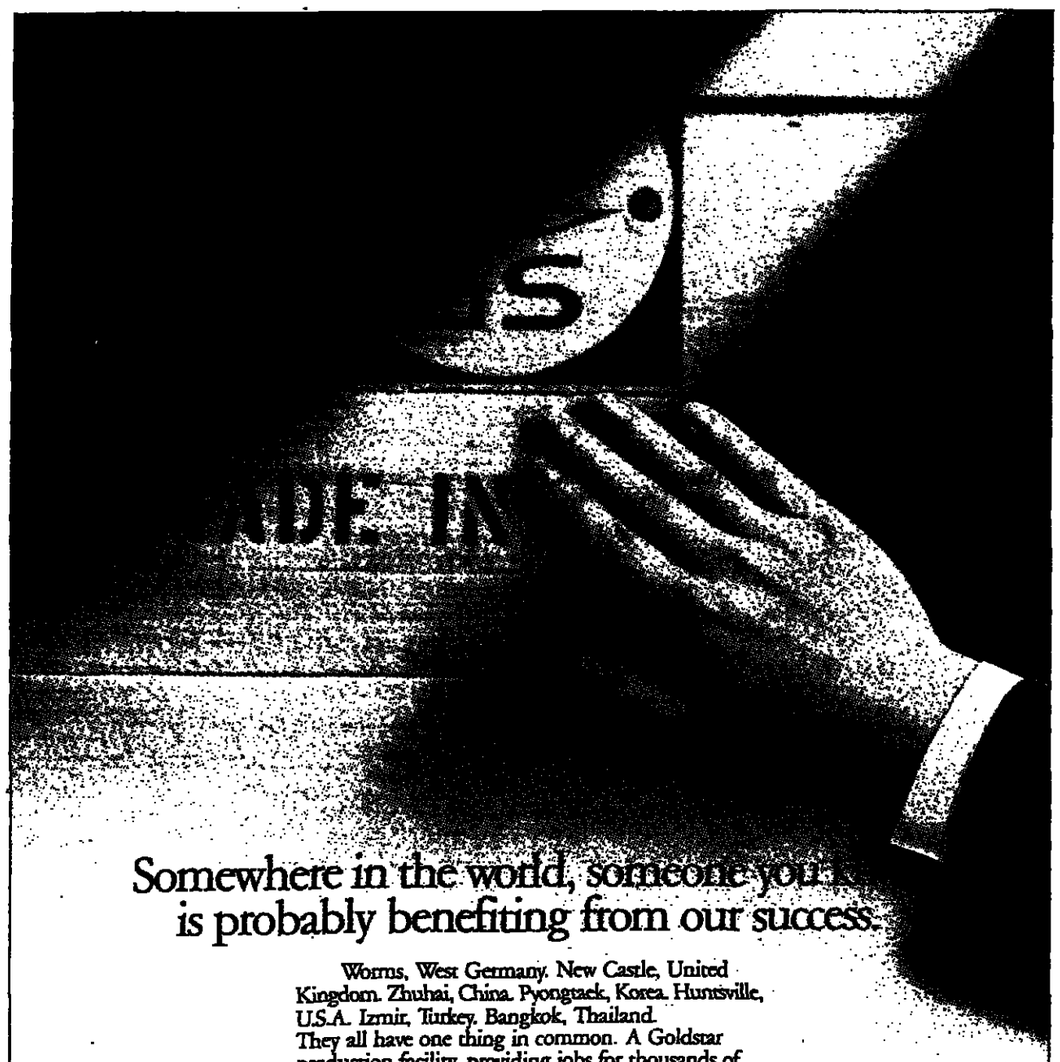
HDTV will set new viewing standards in image clarity.

plump for only two standards if one of them is yours and you think it's superior.

That's why the EC is trying to press its advantage through concerted, joint action which encompasses various research projects by Philips and other European electronics giants such as Thomson SA of France, Thorn EMI of Britain and Robert Bosch GmbH of West Germany. Now the EC is moving beyond the research projects of Eureka 95 and contributing $56 million to start a new Airbus-style joint venture this summer involving several leading European broadcasting and electronics companies. That company, in which the EC will be a minority partner, will not only contribute to European-standard HDTV research, but will also move into strategies for production and marketing.

Technical standards aimed at excluding non-EC products and joint development strategies may not represent the rest of the world's worst fears about a Fortress Europe after 1992. Yet they appear to be far from the single-market ideals of free and open competition. It remains to be seen whether a balance can be struck between truly free enterprise and built-in regulatory protectionism.

Tim Harper



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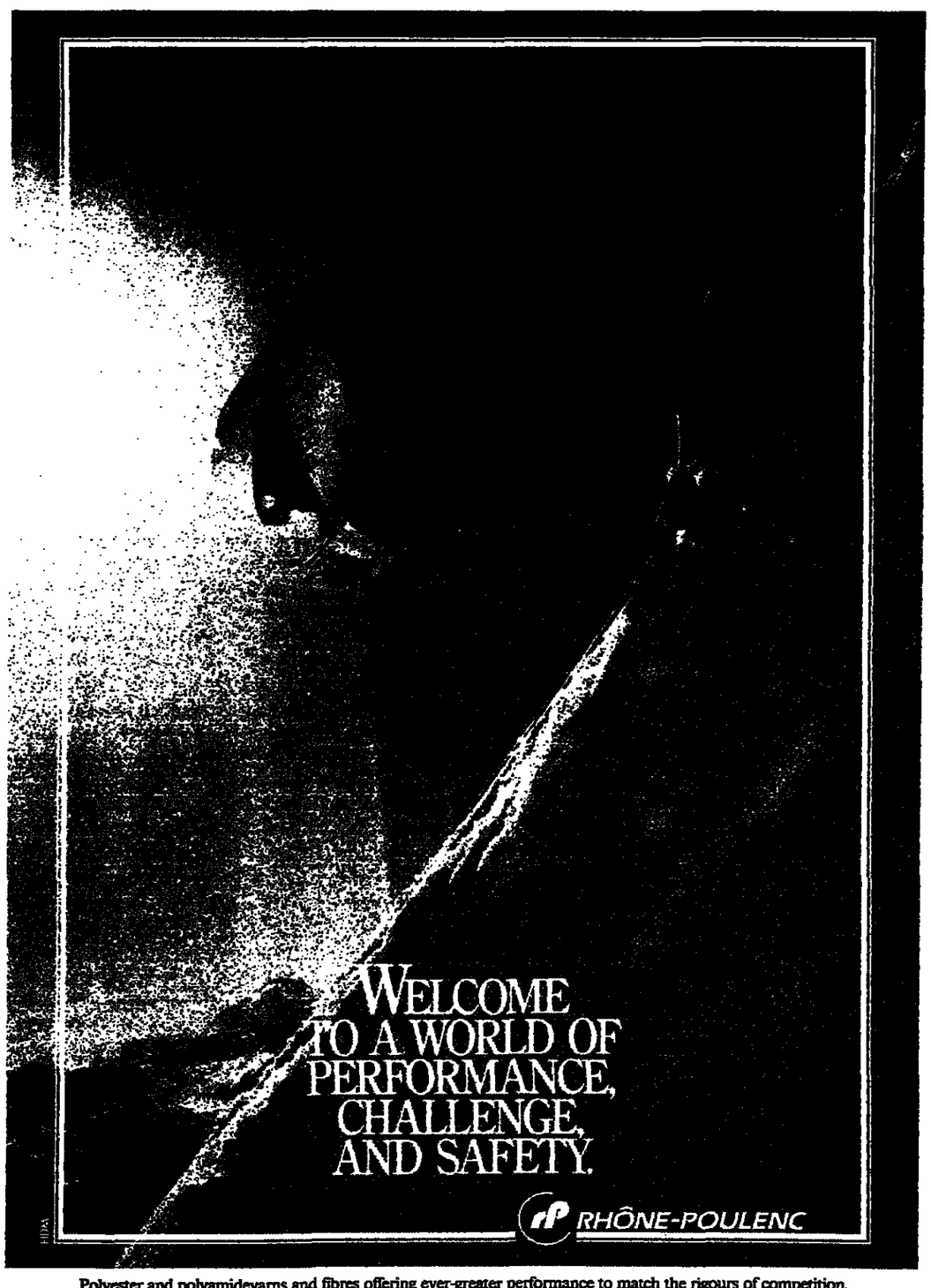

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1992 The World's Rendezvous With Europe

Satellites / European Initiatives

Space: The Final Frontier For an Integrated Europe?

While the EC has already taken the first steps toward developing a Community-wide space research program, member states are still pursuing their own policies based on bilateral agreements and the European Space Agency (ESA).

The Italian astronaut who accompanies the Space Shuttle on its mission of January 31, 1991, will have a unique assignment: to go fishing in space. The fishing gear will be a tethered satellite, consisting of a high-strength line 20 kilometers long and a "bait" of instruments packed into an aluminum shell.

ESA accounts for over half of Europe's space spending

On this and subsequent missions – when the tether may extend as far as 100 kilometers into space – a variety of applications will be explored: ionospheric testing; generating electric power; shifting satellite orbits; and eventually retrieving planetary probes.

The Tethered Satellite System (TSS) has been under development by America's NASA and the Piano Spaziale Nationale of the Italian Research Council since 1982. The $100 million price tag is being evenly divided between the two countries.

TSS is not the only example of Italian involvement in space technology, however. Italians have been part of European space research from the very beginning. Sardinia was the site for the launch of the European Space Agency's first sounding rocket, Skylark, 25 years ago. Today Italy contributes more than 10 percent of ESA's annual budget of 16 million ECU ($13 billion), third after France and Germany.

The ESA represents little more than half of Europe's space spending, and not all of its members are – or wish to be – part of the EC. Italy's commitment is evident on both counts. Beyond its financial contribution, the country is confirming itself as a major-league participant in space research by specializing in key areas such as manned space stations and telecommunications.

In fact, it has a leading role among the eight countries participating in ESA's Olympus communications satellite, set for launch next month. Of the two experimental transmission channels aboard, one, Italian TV1, is dedicated to Italian receivers. The other, European TV2, is "repointable"; it can be adjusted to reach listeners in the other seven countries.

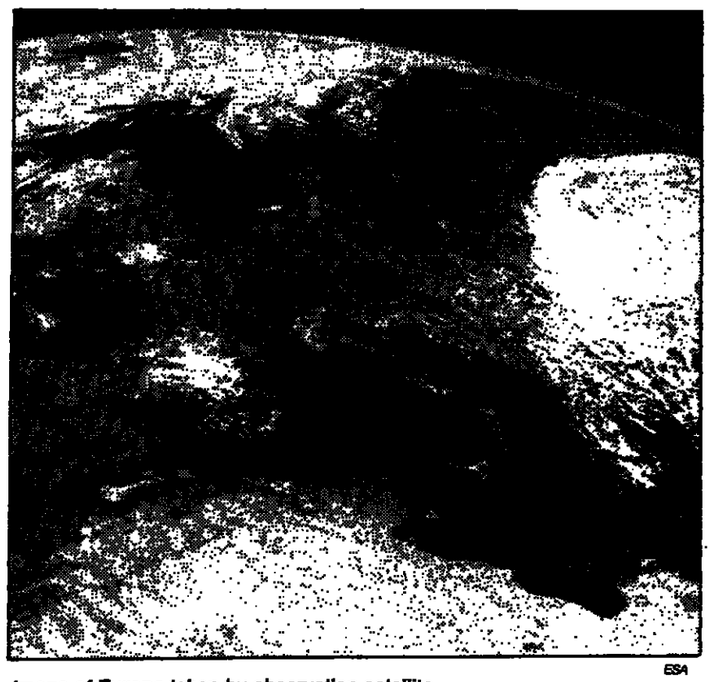
The most promising applications for a Direct Broadcast Satellite like Olympus are in the area of corporate or industrial training. The European Commission is pushing such usage, although few member states have invested heavily as yet. Olympus is also capable of meeting the sophisticated demands of high definition television broadcasting, which require advanced technologies.

Telecommunications is also high on the list of favored projects in France, which spent 8.6 billion ECU through its Centre National d'Etudes Spatiales (CNES) in 1987. About 40 percent of that sum went to ESA. Among France's priorities are rocket launchers (the extremely successful Ariane series is largely French) and earth studies, as well as telecommunications.

Of the 60 percent not channeled through ESA, French Minister of Research and Technology Hubert Curien observes, "Our faith in Europe does not mean that we consider any form of bilateral Franco-American or Franco-Soviet cooperation as beyond the pale. Such cooperation also serves as a stimulus and catalyst for the far more numerous multilateral programs."

West Germany's space budget in 1987 was 4.90 billion ECU, of which 60 percent went to ESA projects. Germany's main interests are in microgravity and the space sciences, such as planet research, black holes, etc. It has also contributed much to Skylab, is co-partner with the U.S. on the Galileo probe to Jupiter later this year, and boasts more astronauts than any other country in Western Europe.

Earlier in May, the German government approved the creation of the German Agency for Space Affairs (DARA), a non-government organization charged with coordinating and improving German efforts in space. According to Dr. Dietmar Frenzel of the Ministry for Research and Technology, DARA's strength lies in its flexibility. Its hiring and personnel practices do not have to conform to civil service regulations, so it can make decisions quickly and move staff expeditiously. The first-year budget is tentatively set at 13 million marks ($6.5 million), and up to 300 employees – tapping private-sector sources – are envisaged.



ESA

Image of Europe taken by observation satellite.

In contrast to the top three spenders, Great Britain lags behind considerably. Its national budget for space activities is less than half that of Italy's, and last year it protested its allocation to ESA, claiming its commercial return was not commensurate with its contribution.

Yet a University of Strasbourg study shows that the spinoff benefits of ESA contracts are well worth the initial investment: for every ECU invested, there is a return of three.

The European Space Agency is mindful of the fact that Britain is not the only country with a healthy interest in the commercial applications of space. Professor Reimar Lüst, director general of ESA, points out that "space technology calls for a wide range of technological innovations that can be applied elsewhere, such as in advanced avionics, information technology, robotics and new materials."

The drawback to this approach is that the most commercially appealing innovations are also the least likely candidates for cooperation. Competing companies are understandably reluctant to share their knowledge, and different national policies add to the information bottleneck. So INTOSPACE, a private agency based in Hannover, was created two years ago. Its shareholder-members are European companies that jointly develop space projects with commercial applications.

The European Community is equally sensitive to the economic and political implications of space research for both the public and private sector. The EC action program proposed last year identifies six key areas: research and development; telecommunications; earth studies; industrial development; legal considerations; and technology training.

It remains to be seen just how much coordination can be effected through the Commission, and how much will remain the preserve of public and private agencies. But today's widespread recognition of the need for pan-European cooperation if Europe is to stay abreast of the U.S. and the U.S.S.R. augurs well for the future.

ESA's Professor Lüst optimistically notes: "While in other areas the political will in Europe is still not strong enough to overcome certain difficulties, in space research we are fortunate. There has been a great willingness on the part of governments to see Europe play a major role. Jean Monnet, had he been able to witness it, would have been proud of it."

Claudia Flisi

Interview / Dr. George S. van Houten, director of R&D, Philips

Global Competition

Continued from Page 11

are good corporate citizens in America.

Has anything happened?

No. If they [the U.S. government and electronics companies] wanted us in, they could find ways. They say that if they let us in, they will have to allow the Japanese in. We say that is nonsense. We employ more American citizens than the top 10 Japanese companies put together.

IBM would also like to join Jessi, so what are you telling them?

That we would like them to join, but we would like to see that goes in parallel with our joining Sematech [a joint U.S. industry project].

Why has Philips recently developed defense mechanisms against a merger or acquisition from the outside?

We are not against mergers. We are against being taken over by raiders and being split up.

From an R&D standpoint, how well positioned are European schools and universities compared to the United States and Japan?

It is a mixed bag. High schools up to the bachelor's degree level are good and solid. At the university level, however, and particularly at the post-graduate level, we have a problem – we don't have centers of excellence. Everything by tradition is supposed to be equal, so we don't have an MIT, a Harvard, or a UCLA.

What is the answer?

Select five sites in Europe, give them a lot of money, make them compete with each other, and make them the best universities in the world, with the best students and professors.

Europe spends about 1.9 percent of its GNP on R&D, the U.S. about 2.8 percent and Japan 2.9 percent. What is your reaction to this seemingly weak position?

When you split up the EC figure, Germany is at about the same level as the U.S. and Japan while the U.K. figure is 2.4 percent and in France it is 2.3 percent. My country [the Netherlands], among others, is much lower. But there is a worrying difference. Japan is starting from a smaller base but growing faster than Europe, so the gap there is widening.

Have European R&D programs such as ESPRIT helped to close it?

I think the impact has been very big, though not directly in terms of money or markets. Today, we are much more of a community. Researchers pick up the phone and call each other, because they know each other. That is the important result, and it's completely new for Europe.

What else have the programs accomplished?

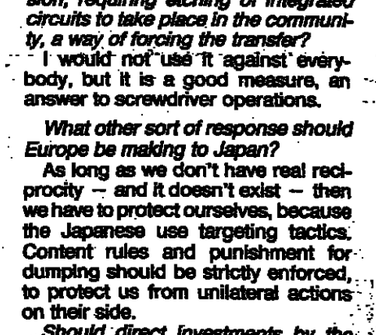
Recent programs, such as RACE and EUREKA, have become less precompetitive in character. By moving a bit closer to the market, they have helped standardization.

Where do you see Europe making the greatest progress compared to the U.S. and Japan?

Telecommunications. We may not always be first, but we are very advanced. In electronics the picture is mixed. In defense, for example, Thomson is very good. In HDTV, we at Philips are, along with Thomson and Bosch, strong. Europe is also very strong in the field of biotechnology, aerospace, and glass-fiber technology.

Where is Europe still weak and where do you feel most vulnerable?

Semiconductors. And consumer electronics. This should worry us and the United States. One of the problems is that we do not have access to [Japanese and other Asian] markets, but they have access to ours and because of their targeting techniques the United States and Europe have lost out in some areas.



Dr. George S. van Houten: "Real reciprocity doesn't exist."

How do you view the Koreans, particularly those establishing direct investments in the community?

Plants are different from low-cost exports. We are not afraid of Japanese or Koreans or whoever builds plants if they are integrated.

The amount of local content required in Japanese automobile plants in the EC varies from 60 percent to over 80 percent. Should a similar figure be set for the electronics industry?

We think something like 60 percent would be fair. We are not afraid of foreign management techniques, or foreign ownership. What we want to fight are subsidized screwdriver operations, where a plant goes up in one area, and nearby a European plant is forced to close down.

Isn't the new EC rule about diffusion, requiring etching of integrated circuits to take place in the community, a way of forcing the transfer?

I would not use it against everybody, but it is a good measure, an answer to screwdriver operations.

What other sort of response should Europe be making to Japan?

As long as we don't have real reciprocity – and it doesn't exist – then we have to protect ourselves, because the Japanese use targeting tactics. Content rules and punishment for dumping should be strictly enforced, to protect us from unilateral actions on their side.

Should direct investments by the Japanese be more carefully scrutinized?

I am against subsidizing them, as happens in some areas of the U.K. It is ridiculous to subsidize competitors in this way although, if it leads to integrated industries, that is something else.

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Integration / The Countdown Continues

Executive Views

Robert J. Eaton, president, General Motors Europe.

Import quotas (on foreign cars coming into the EC) are no long-term solution to the competitive challenge. Despite our clear commitment to free trade, we understand that Europe as a whole would hardly be in a position to fully open its borders to imports from the Far East, without considering the many years and decades in which, for example, the Japanese market was totally blocked.

Julian Garcia Valverde, president, RENFE, Spain's national railroad.

We have signed a major contract to modernize our railroad with new, high-speed technology from France and West Germany, but there is a danger in thinking that high-speed trains can replace all, major classical railroads in Europe. The fact is that there are only a few corridors available where such systems make economic sense – those of between 200 and 300 kilometers. Beyond that range, other, non-TGV-type technology is more adequate, but these new trains can also reach 220 kph.

Eugene McAllister, assistant U.S. secretary of state for economics and business affairs.

The United States government is involved at all levels in the single market issue and its implications for our interests. We are cautiously optimistic. But there are concerns about implications for American business and the U.S. economy, including the following: reciprocity, or the potential for discrimination against non-EC owned firms; rules of origin decisions, which in some cases amount to de facto local content requirements; quantitative restrictions and nontariff barriers and standards; and the potential for new barriers in these areas.

Wilfried Guth, chairman, supervisory board, Deutsche Bank.

The key to effective progress toward monetary union and creation of a truly European bank system is the political will of member countries' governments to relinquish national sovereignty at the Community level. Once we have reached the "magic" date of 1992, it would be highly desirable to firmly establish a new crucial target because otherwise the present elan might easily evaporate.

1992 The World's Rendezvous With Europe

Personal Communicators / On the Move

Europe Heads Race to Develop Cordless Phones

In Europe, thanks to the latest generation of cordless phones, the age of the telephone is already giving way to the era of mobile communications. Next stop? The pocket-sized personal communicator.

There is a time and a place for all of today's lines of telecommunication, from domestic phones to public payphones, business extensions, car radio telephones and mobile radio

EC priority is to develop digital cellular telephony

transceivers. There is also, less conveniently, a different name, a different number and frequently a different technology for each of them as well.

But future subscribers, if they so choose, will face no such constraints. John Carrington, British Telecom's director of mobile communications, predicts that instead of denoting fixed geographic locations or mobile station identities, telephone numbers will become unique to individuals and, conceivably, last a lifetime.

The technology behind this new universal communications medium is currently being developed in Europe, and sponsored by European Commission programs such as RACE.

According to Jorgen Richter, head of the EC's Telecommunications Standards Section, a technically advanced telecommunications infrastructure is one of the prerequisites to an integrated European economy. An EC priority in this context is the development of digital cellular telephony.

In practice, cellular telephone systems constitute the first major milestone on the road to mass mobile communications. By using the same scarce radio frequencies many times over, cellular systems are able to support hundreds of thousands of users where earlier networks supported only tens of thousands. At the beginning of 1989, there were more than 4 million cellular telephone users in over 50 countries worldwide: around 35 percent of these subscribers were in Europe and Scandinavia.

Although the penetration rate of present-day analog cellular systems is modest – Sweden with 2.5 mobile telephones per 100 head of population is probably the world's most mature market – congestion of the airwaves is already in sight in a number of European locations.

This circumstance has given a boost to the development of the pan-European digital cellular system. Known as GSM, this could initially support up to 10 million subscribers; with foreseeable technological developments, the number could double.

In addition to accommodating very large numbers of subscribers, the GSM system will give much better quality voice communication, allow greater mobile use of non-voice traffic such as facsimile and data, and permit subscribers to use the same terminal hardware in any participating European country. Being digital, it could also result in lower-cost terminal equipment, although initially it will be more expensive than its analog counterparts.

Research work on the all-important GSM specification began with a collaboration between the French and German PTTs in 1982. With a much enlarged group of participants, this ultimately resulted in six different candidate systems that were tested in Paris in 1986. The GSM standard drew on the best characteristics of each, a move that secured the support of 19 service operators in 18 European countries.

Europe, through its adoption of GSM, is generally acknowledged to be some years ahead of the USA and Japan in realizing a digital cellular system. So, in addition to creating a massive new local market, it holds immense export potential.

But, at present, the high cost of installing a cellular infrastructure means correspondingly high costs for the user. A relatively high premium is also charged for compact and lightweight handportable cellular phones: the world's smallest, a Motorola model, cost around $3,900 when it came to the U.K. market in April 1989.

The cordless payphone service known as telepoint solves both problems. Also being pioneered in Europe, telepoint is to start service in the United Kingdom this year, and France Télécom is mounting trials. Telepoint will use lightweight terminals priced at around $260 and it is predicted that the average cost to the user will be around one fourth that of cellular telephones.

Telepoint will provide outgoing calls when subscribers are within 200 meters of special public base stations. Unlike cellular, it will not permit incoming calls or provide continuous service when moving between different base stations. However, telepoint terminals represent another step toward universal mobile communications.

Later this year, the U.K. company GPT is scheduled to unveil a business switchboard which will also use the CT2 technology behind telepoint. Further options are telepoint with built-in paging to overcome the problem of the incoming call, and even a two-way telepoint-plus model. Meanwhile, work is beginning on the definition of an all-digital version, the Digital European Cordless Telephone (DECT).

In the next four years, digital cellular is expected to converge with digital cordless telephones as the final step before the integrated personal communicators being developed in RACE appear on the market. "At that time, around the year 2000, mobile telephony might well have reached over 50 percent of the adult population," estimates Ms. Sari Baldauf, president of Finland's Nokia Cellular Systems. "Then the mobile personal communications tool will be just as common as the ordinary telephone is today."

-John Williamson

British Telecom

Cordless payphones, the latest mobile communications offering.

Baden-Württemberg / West Germany's Europole

Small Firms Head Region's Export Drive

Throughout West Germany's southwestern state of Baden-Württemberg, the neatly lettered signs reading "Gewerbegebiet" (industrial zone) and "Technologie-Park" point the way to this industrious Europole's leading attraction.

The clusters of plain buildings behind the signs are not remarkable. But what has come out of these research centers, technology parks and institutes, and engineering schools is fascinating.

Conquering world markets is supposed to involve amassing agglomerations of size. But Baden-Württemberg, despite being home to Daimler-Benz, Bosch and other major companies, is the heartland of small and medium-sized companies (those employing up to 500 persons).

These 8,801 companies employ one out of every two persons in the state and lead the way in patent applications and the rate of exports as a percentage of products manufactured (32.5 percent in 1987 versus 25.24 percent in 1977).

In Baden-Württemberg, manufacturing still predominates over the service sector as a source of employment. Growth here has not been achieved by latching onto one "breakthrough" industry such as computers, or by developing new marketing techniques. Instead, the state's companies have taken existing products and made them better.

"*Betreuung*" is at the heart of the state's success. The word means "accompaniment," and graphically describes the way in which skilled personnel are shepherded into research institutions, the ideas they produce that lead to new products and the match-making that then takes place between companies, trade and consulting organizations.

In 1976, drawing on the pioneering efforts of the Fraunhofer-Gesellschaft, Baden-Württemberg was the first state in West Germany to launch a systematic program to encourage innovation and scientific development.

The state spends proportionally more on research and hires more trained personnel for research than any other state in Germany.

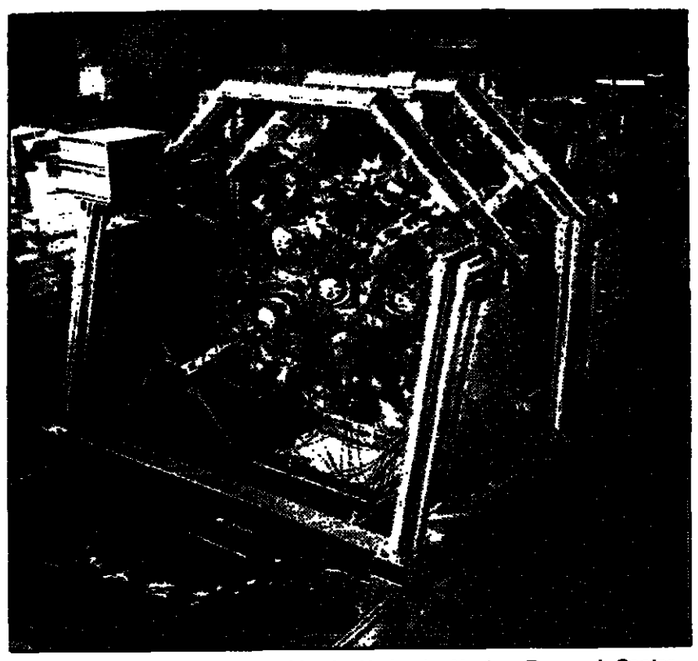
But it is the peculiarly corporative nature of the "*Betreuung*" that makes Baden-Württemberg so successful. Take Karlsruhe, a city of some 260,000 located in the western part of the state. Karlsruhe was faced with the problems typical of a marginal area with old industries. A major employer, a factory producing sewing machines, was closing down, meaning a loss of 3,000 badly needed jobs.

Spurred on by the Baden-Württemberg government, the city bought the factory site in 1982. The regional chamber of commerce (an official body with executive powers in Germany) helped find bodies willing to support what would become a "factory for technology" – the state's first. A company associated with the chamber of commerce was founded to operate it and resources were made available by the city's Technical University, Institute of Advanced Scientific Studies, the Center for Nuclear Research, the Center for Computer Sciences, the local Fraunhofer-Gesellschaft and other constituent members of the Baden-Württemberg corporate universe. Financing was provided by Landeskreditbank Baden-Württemberg (a state industrial development bank); financial management was handled by a local public-sector bank.

Since its completion in May, 1984, the "technology factory" has expanded twice. The companies selected for admission include those producing pipeline inspection systems, measuring equipment using gamma rays, user-software for manufacturers of packaging machines, and software and hardware needed to modify manufacturing processes. The waiting list for selection is long and growing.

The fledgling companies can draw on every conceivable form of assistance: technical consulting, briefing as to the latest developments in their fields, project support, research grants, management and marketing services, and low-cost rentals.

Terry Swartzberg



Gamma ray detector developed by the Karlsruhe Nuclear Research Center.

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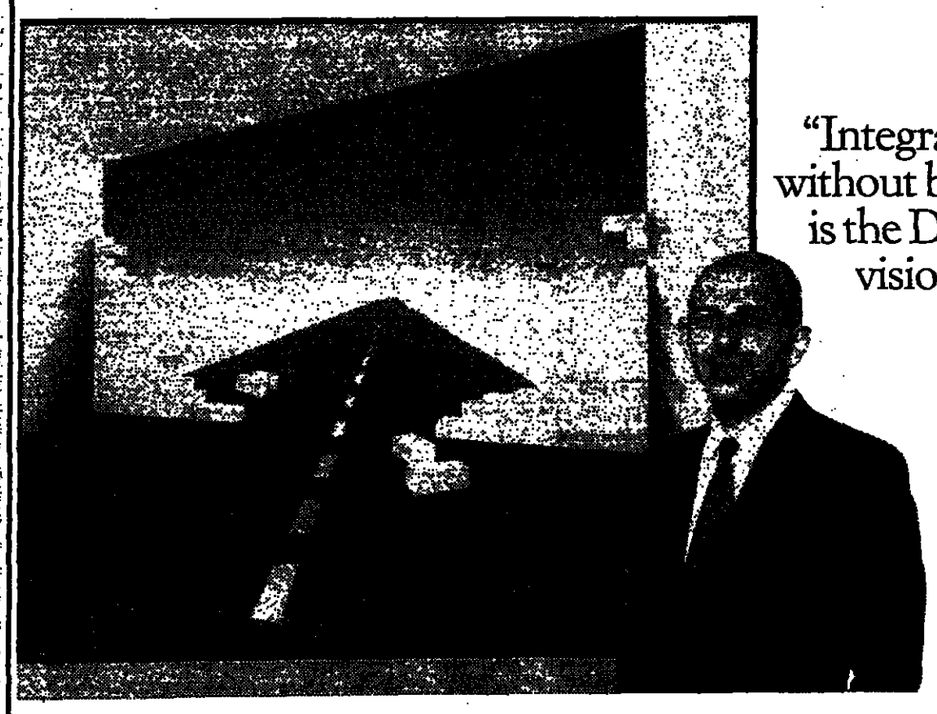

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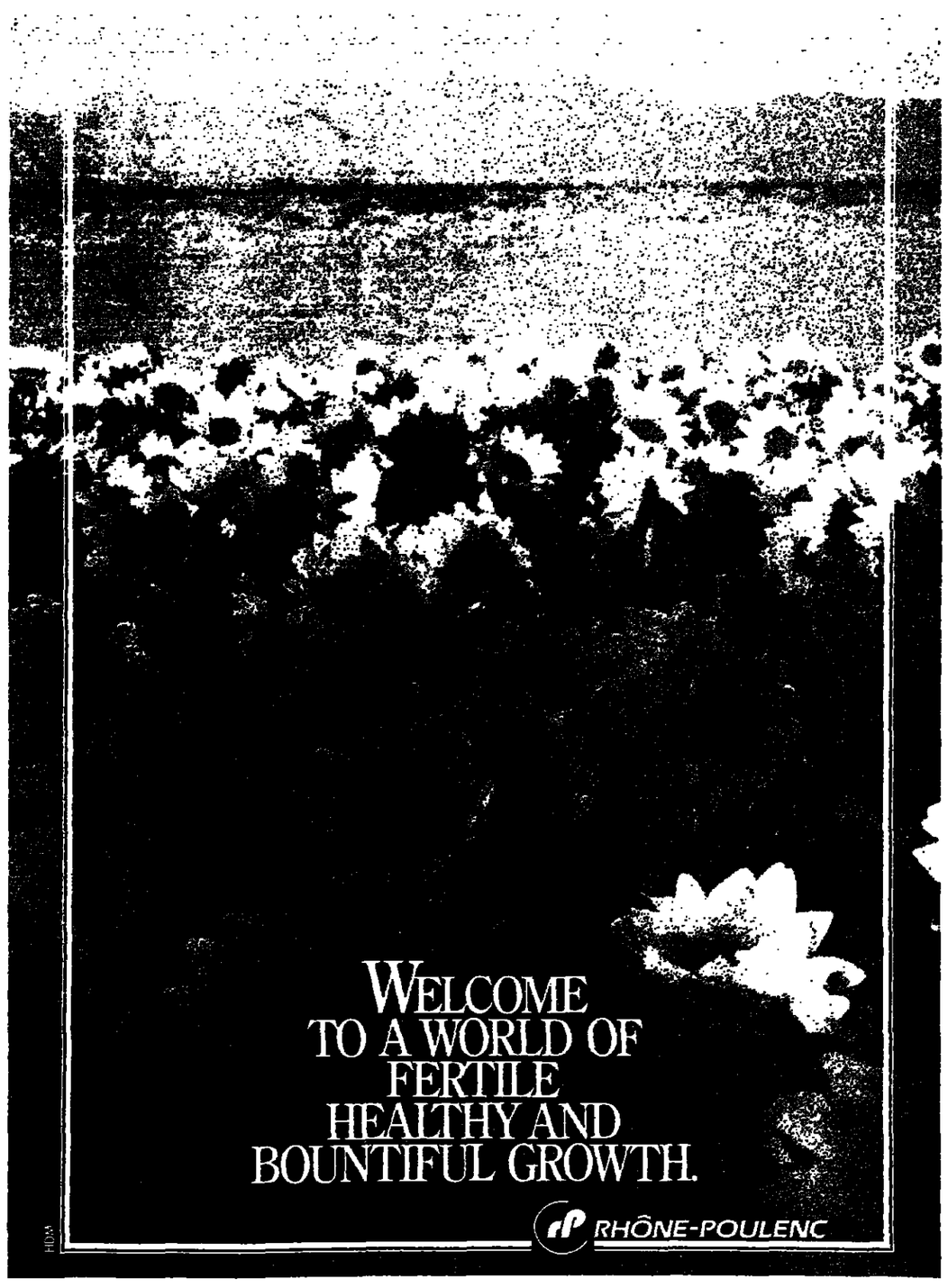

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1992 The World's Rendezvous With Europe

Military Research / Closing Ranks

Weapons Systems: High Costs Force Cooperation

Under pressure from spiraling research and development costs and mandatory higher productivity, European arms manufacturers are closing ranks in an ambitious move to harmonize aircraft and weapons systems programs.

France is actively promoting a project for a military Eureka on the lines of Europe's civil high-technology cooperative program at the "concept phase." French military R & D last year totaled more than 36 percent of

U.S. contractors wary of reduced role in Europe

national funding in industrial, technological and university research activities. Of a total 29.2 billion francs devoted to R&D — one-third of military procurement credits in 1988 — the French Defense Ministry allocated nearly 5.5 billion francs to "upstream" research, excluding nuclear developments.

Yves Sillard, new chief of the Defense Ministry's procurement division, the Délégation Générale pour l'Armement (DGA), has suggested to his British counterpart Sir Peter Levene that Britain and France, together with their European partners in the Atlantic Alliance, cooperate in experimental and demonstration projects.

Under this plan, there would be no common funding from the states concerned and cooperation in the concept phase would be left to the industrialists. Public funding would begin only if a project interested the governments enough to go ahead with its development. French officials say such projects could be carried out within the framework of the Independent Europe and Program Group (IEPG), formed a few years ago among the European allies.

In recent months, several high-level government conferences, attended by defense ministers, senior officials and staff officers from Britain, West Germany, Italy, Spain, the Netherlands, Belgium and France, have discussed joint programs within the IEPG.

There is renewed interest in cooperating to bring down R&D costs, particularly after the dramatic failure of the European Fighter Aircraft (EFA). The French are determined to go it alone with the controversial multibillion dollar Rafale combat aircraft program.

But Britain and France have agreed to increase "cross purchases" in armaments and to extend their cooperation in this field. French Defense Minister Jean-Pierre Chevènement says that the two countries expect business worth 1 to 2 billion francs in each direction within the relatively near future. At present, cross purchases of military equipment between Paris and London hardly exceed 30 to 50 million francs.

France has made a modest breakthrough into the European Fighter Aircraft program, and expects the EFA partners to make similar contributions to its own Rafale D future combat aircraft. Snecma's subsidiary SEP (Société Européenne de Propulsion), which builds hot parts for Rafale's M88-2 engine, has clinched a $1 million deal with Rolls-Royce to supply ceramic-composite components for EFA's EJ.200 power plant.

SEP, builder of the engines for the Ariane telecommunication satellite launchers, is also holding talks with Rolls-Royce's partners in the four-nation Eurojet consortium: MTU of Germany, Fiat Aviazione of Italy, and CASA of Spain.

Another spectacular deal is the agreement between Marconi Defence Systems, the defense electronics subsidiary of General Electric Company of the U.K., and Electronique Serge Dassault (ESD) on joint technology and work sharing. The contract covers the fast-developing field of seeker radar equipment. This is attached to anti-air missiles to chase and destroy enemy aircraft and airborne missiles.

With less fanfare, similar deals are being negotiated and concluded between the French and their German partners, particularly in the HAP2/HAC anti-tank and anti-helicopter and, hopefully, the future Nato NH 90 helicopter program due to be signed in the coming months.

At a conference in Brussels on Western military and economic issues, Boeing's president, Frank Shrontz, gave what he called a consensus view of several big U.S. defense contractors. "The American impression is that there is a growing attitude in Europe to buy European whenever possible," if necessary at a premium. While defense had traditionally been outside the EC's sphere of interest, discussions on the possibility of adding customs duties to non-lethal defense imports had fanned fears of protectionism in the U.S., he said.

Sir Raymond Lygo, the British Aerospace chief executive, told the conference that the idea that the European arms industry is supporting a Fortress Europe is "a piece of stupid mythology." Europe is generally too dependent on trade and exports to be able to take a protectionist stance, he said.

Sir Raymond was presenting a joint report prepared by six big defense contractors across Europe — BAe, Dornier, Aeritalia, Thomson-CSF, CASA and Hollandse Signaalapparaten. The report calls for moves "toward privatization of nationalized enterprises" in the defense sector. The study also calls on governments to "encourage" the move toward defense mergers and acquisitions already under way between large companies.

Defense talks among Europeans are mainly carried out inside the Western European Union. But U.S. concern over rising European "protectionism" is genuine and French and American perceptions of market openness differ widely. At a panel on trans-Atlantic defense cooperation at the French Embassy in Washington recently, General André Dubresson, deputy delegate for international relations, denied that trade barriers were being erected in Europe. He said: "It is very difficult for French parliament and industry to understand or accept U.S. government demands for reciprocity and open access to the defense markets while, year after year, Congress and the Department of Defense restrict significant portions."

Ellen Frost, corporate director for international affairs at United Technologies Corp., claimed that because the U.S. Defense Department purchases more of its material from overseas suppliers, "the United States is getting more international and the European Community is becoming more restricted."

Miss Frost, who said she was expressing personal opinions and not those of her company, also warned that "techno-nationalism" — a growing desire to protect American technology — threatened the "two-way street" running between Europe and the United States in the area of defense cooperation.

France, for example, has made a slight inroad in the U.S. military market, particularly with Thomson-CSF's RITA battlefield surveillance system. The two nations are clearly interested in each other's markets and, on the whole, continue to enjoy relatively good trade relations. But, as a senior French official remarked, "it may be a two-way street, but it still carries one-way traffic."

Gilbert Sedbon

Briefs / People and Places

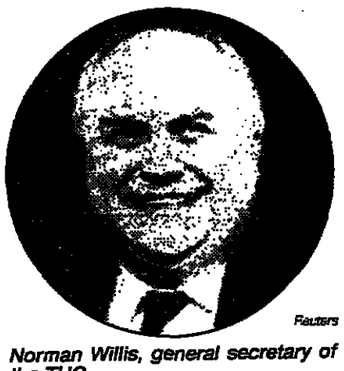
All About the New Europe At a Franc a Minute

● **Edith Cresson,** France's minister for European affairs, announced plans on May 16 for placing detailed information about 1992 on the government-supported Minitel information system. The service will be available to subscribers in France at a cost of just under 1 franc per minute, and is aimed at responding to a vast array of questions being asked by the French. According to a recent survey, 76 percent of all the French interviewed considered themselves badly informed about 1992, despite recent information campaigns.

● In early 1989, a record 411 Japanese companies were operating or planning to start manufacturing in the European Community, a 2.6-fold increase over six years ago, according to **Jetro,** the Japanese government trade agency. Jetro's fifth annual survey showed that of the total, 92 are in Britain, 85 in France, 67 in West Germany and 41 in Spain. Jetro cited the following reasons: requests by governments for high local content; anti-dumping and other forms of retaliation against Japanese products by the EC Commissions; and growing numbers of mergers and acquisitions. Only one Japanese company is considering withdrawing from Europe as a result of 1992, Jetro reported.

● In light of recent agreements to provide **Airbus Industrie** new subsidies, the earliest the consortium can be made profitable is in the year 2000, Edzard Reuter, chairman of Daimler-Benz said. In an interview with Les Echos, the French financial daily, Mr. Reuter also emphasized that Airbus' management structure must be overhauled, so as to allow Airbus "to take decisions independently of national interests, which would include making sure that production costs — not politics — determined where plants would be located. German aerospace executives, notably at Messerschmitt-Bolkow-Blohm, which is being taken over by Daimler, have urged that a new Airbus assembly plant be built in Germany. Currently, all Airbus planes are assembled at Toulouse under the direction of Aérospatiale.

● **Norman Willis,** general secretary of the TUC, the British trade union congress, has established a committee on European strategy aimed at assessing the impact of 1992 on regions and industries. In an article for the Observer of London, Mr. Willis said that a checklist has been issued to trade union negotiators in Britain, asking them to raise the following issues connected with the 1992 program: impact on the company, jobs,



Reuters

Norman Willis, general secretary of the TUC.

training and performance, opening up of public procurement. "We want the Community to guarantee fundamental rights to all European workers, affording basic standards at work," he said.

● **Rhône-Poulenc** announced plans to establish a research center in Japan that specializes in new materials and chemicals for use in agriculture. The center will be located on a 5.5-hectare site at Tsukuba, north of Tokyo, with the first wing of the center due for completion later this year. Rhône-Poulenc has joint ventures in Japan with Toyobo, Mitsui, Sumitomo, Showa Denko and Chugai Seiyako.

● **France** has the lowest rate of union membership in the EC, according to a survey published by Le Monde, the French newspaper. The highest rate was 80 percent in Denmark, followed by 70 percent in Belgium, 45 percent in Italy, 43 percent in West Germany, 35 percent in Greece, 28 percent in Britain and 25 percent in Spain. The rate in France: 14 percent.

● **American International Group,** a leading U.S. insurance company operating in Europe, has named Steve A. Schleisman to head up all the group's activities in Western Europe. The move is aimed at further consolidating AIG's position within the EC as deregulation of the community's insurance and financial services sectors moves forward.

Steve Dryden is a journalist based in Washington D.C. who specializes in trade issues.

Claudia Flisi is a Milan-based journalist.

Timothy Harper is a London-based American journalist and lawyer.

Axel Krause, IHT corporate editor, is supervising the 1992 series.

Michael Rowe is a Paris-based financial and business writer.

Gilbert Sedbon is Paris correspondent for Flight International.

Terry Swartzberg is editor-in-chief of Who's Who Edition European Business and Industry.

John Williamson is the international editor of Telephony.

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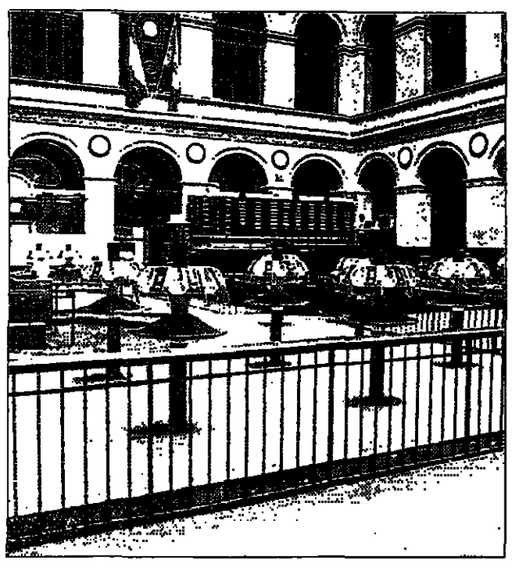

Paris Bourse – A major European stock exchange.

When the Paris Bourse decided to expand its services to meet growing demand in France, they chose Northern Telecom to supply their digital voice and data communications network.

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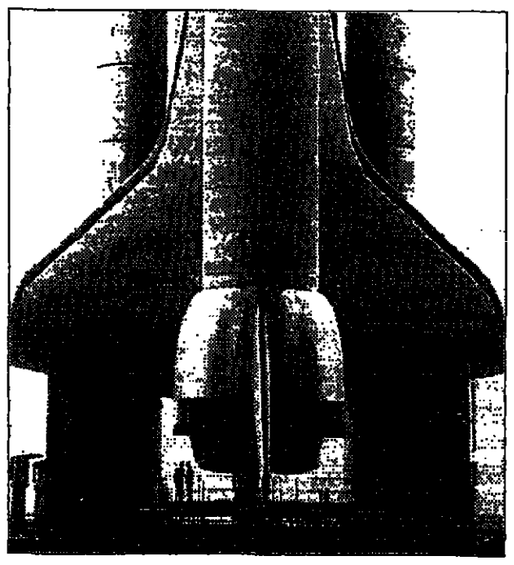
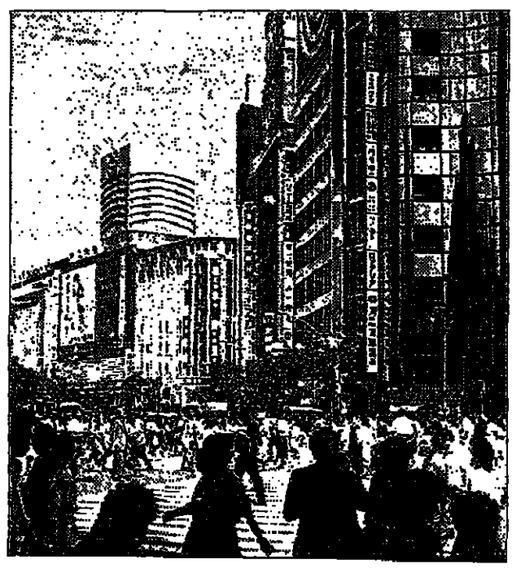


The thrust behind NASA's data network.

To carry the vast amount of data from its computer network to desktops throughout the Ames Research Center, NASA selected a Northern Telecom integrated network system.

It links the widest variety of terminals of any PBX. It opens access to the local network of supercomputers, mainframes and minicomputers. It even reaches data on NASA's nationwide computer network.



The world's largest telephone company.

When Japan's enormous public telephone network needed new community dial offices, they wanted the most advanced equipment available.

That's why they called on Northern Telecom – the corporation that has built the largest base of digital switching systems in service around the world.

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When the Society for Worldwide Interbank Financial Telecommunication decided to move to packet switching technology, it turned to Northern Telecom.

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WALL STREET WATCH

Fears of Recession Linger In the Junk Bond Market

By FLOYD NORRIS
New York Times Service

NEW YORK — While the stock market looks for a soft landing for the U.S. economy, recession fears seem to be lingering in the junk-bond market, where yields remain stubbornly high. That is leading some junk-bond managers to grow more bullish, hoping that the prices of these bonds will rise as investors get more optimistic about the economy.

The relative pessimism of junk-bond investors can be seen in the interest-rate premium the bonds provide over Treasury securities, where there is no risk of default. That premium rarely gets as large as the current level of 4.7 percentage points.

That level has persisted despite a rally in junk-bond prices this week, simply because the junk bonds have not kept up with Treasury prices.

The current spread between junk bonds and U.S. Treasury securities is a huge 4.7 percent.

"The spreads haven't been this wide since October 1987, when the stock market crashed," said Peter Avelar, the manager of Paine Webber's High-Yield Fund, adding that the spread then went to about five percentage points, a level seen only twice before in the relatively brief history of a large and active junk market.

The first was during the 1981-82 recession, before the biggest explosion in junk-bond issuance, while the second was in late 1986, when word that Ivan F. Boesky had settled with the Securities and Exchange Commission and become a government witness sent terror into the hearts of junk-bond buyers. In all three cases, the market came back.

As recently as two months ago, the spread was only about 3.5 percentage points, a relatively narrow margin, according to figures compiled by Donaldson, Lufkin & Jenrette, whose junk-bond index now yields about 13.4 percent.

THERE WERE two important factors driving yields upward. First was the expectation of a $4 billion issue of new junk bonds for RJR Nabisco Inc., by far the largest issue of corporate bonds ever. That offering went well, and the bonds are now trading at a premium. The forward calendar of junk bonds now looks relatively light, though that could change if there is a sharp pickup in takeover activity or a continued decline in interest rates.

The second problem that sent yields up was a growing fear of recession, which would shrink corporate cash flows and no doubt cause an increase in the default rate on bonds rated below investment grade. That is the formal definition of junk bonds, though their friends just call them high-yield bonds.

Despite the wide spreads between junk bonds and Treasuries, there is one sign of improving sentiment among junk-bond investors. Zero-coupon junk bonds, which add interest to the amount owed rather than pay it out in cash, now yield about 1.9 percentage points more than their cash-paying brethren.

That is at the high end of the normal range but well below the 2.4-percentage-point spread that opened up in mid-April, as large volumes of RJR Nabisco zero-coupon paper were absorbed by the market.

"It just got ridiculous," said Michael McNamara, director of fixed-income research for Kemper Financial Services, a money management firm. "We've been heavy buyers of zeros."

Zero-coupon junk bonds are inherently more risky than other bonds, for two reasons. The obvious one is that in the case of a default, the owner of such a bond has nothing but a security of dubious value, while the owner of a coupon-paying bond has as least already received some interest payments.

The second reason is that companies that have the cash flow to make current interest payments usually do so, rather than resort-

See JUNK, Page 19

Japanese Buy Into U.K. Bank

Yokohama Takes Guinness Stake

By Warren Getler
International Herald Tribune

LONDON — In the first takeover of a British bank by a Japanese company, Bank of Yokohama said Thursday that it had acquired 60.84 percent of Guinness Mahon Holdings PLC from a banking syndicate that has held the stake since January.

The stake in the merchant bank was placed in the syndicate's hands when New Zealand-based Equiticorp International PLC went into receivership in January.

The 28-bank syndicate, SM Nominees Ltd., is led by Samuel Montagu & Co., which is the investment arm of Midland Bank PLC.

Yokohama, a large Japanese regional bank specializing in corporate lending, said it was offering 146 pence ($2.29) per share for the rest of Guinness Mahon's outstanding share capital, valuing the company at £94.5 million ($148.2 million). Shearson Lehman Hutton International Inc. is acting as exclusive adviser to the offer for Yokohama.

Under British Takeover Code rules, the purchaser of a stake that exceeds 29.9 percent is obliged to bid for the remaining shares.

Shareholders are being offered a 4 pence premium to Guinness Mahon's closing price of 142 pence on Wednesday on the London Stock Exchange. The shares closed unchanged Thursday. The largest minority shareholding is controlled by the British press magnate Robert Maxwell, with 14.9 percent.

"This is the first case of a U.K.-authorized institution being acquired by a Japanese bank," said David Ingram, a Bank of England official.

Under the Banking Act, the Bank of England must give prior approval to any suitor intending to take a stake of more than 15 percent of a British-licensed institution. The bank must determine if the suitor will be a "fit and proper" owner.

A banking source involved in the takeover said that seeking regulatory approval for the merger had proved a particularly sensitive issue in Britain. The Bank of England, having allowed foreign-based Equiticorp to take control of Guinness Mahon in a hostile bid in October 1987, was in no mood to risk another suitor falling into liquidation.

The cash offer, though it follows an agreed sale from a controlled auction, marks what is believed to be the first bid by a Japanese company on the London Stock Exchange, said Philip Healey, editor of Acquisitions Monthly, a trade publication.

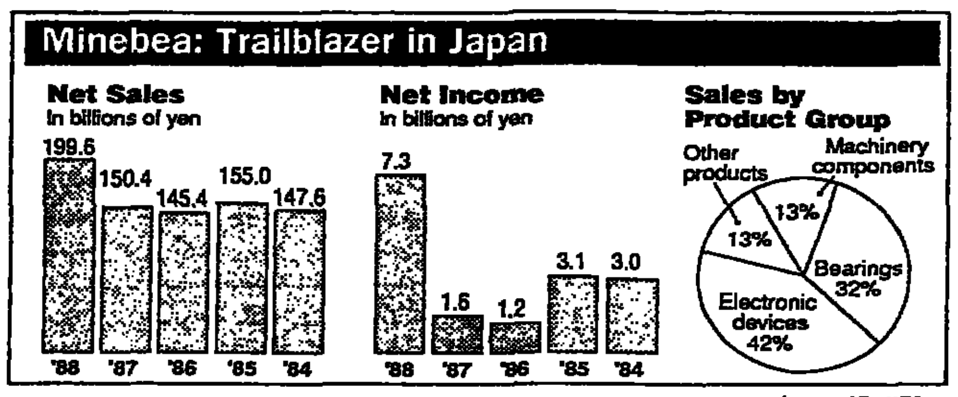
"We checked our data base, and we cannot find any example of a Japanese concern acquiring a U.K. public company," he said. "It's a very high-profile move, not in terms of the size of money involved, but in terms of a Japanese company having put money on the table and having beaten other international competitors."

Other potential buyers were a Canadian financial-services company, Central Capital Corp., which signaled its interest earlier this month in a statement, and, according to market speculation, Caisse Nationale de Crédit Agricole and Compagnie Financière de Crédit Industriel & Commercial, both of France. Fuji Bank of Japan was also viewed as a candidate.

Mr. Healey said the move paralleled action by other Japanese financial institutions in the United States, in which Japanese-based firms had acquired a growing presence on Wall Street "by starting off cautiously, quietly, buying up stakes in companies like Goldman Sachs through agreed deals."

In 1986, the Federal Reserve Board, after initial objections, approved a $500 million equity investment in Goldman Sachs & Co.

See BANK, Page 19



International Herald Tribune

Will Minebea Remain Innovative?

Ball-Bearing Firm Takes Chances in a Land of Caution

By Patrick L. Smith
International Herald Tribune

TOKYO — To enter the head offices of Minebea Co., a modest, old-fashioned edifice on a narrow back street in Tokyo, is to discover a company enmeshed in many of the deepest contradictions currently besetting the Japanese business community.

Founded during the postwar era of economic reconstruction, the world's largest producer of precision ball bearings, with net sales of 199.62 billion yen ($1.4 billion at current exchange rates) in the year ended Sept. 30, 1988, is dwarfed by old-line industrial groups such as Mitsubishi or Sumitomo. But in spite of its size, Minebea is, in many ways, neither modest nor out-of-date.

Under the exuberant leadership of Takami Takahashi, the late son of the company's founder, Minebea spent decades blazing trails only now being followed by other Japanese companies. Almost 20 years ago it made mergers and acquisitions a pillar of its expansion strategy, prompting bitter criticism from the very companies for which "M & A" is now the rage.

It was among the first industrial concerns to transplant a substantial proportion of production overseas — a move Minebea made years before the rise of the yen drove hundreds of other companies offshore. It was equally pioneering in its efforts to diversify its businesses, now another popular notion among Japanese manufacturers.

From its dingy brick headquarters, Minebea has distinguished itself as a corporate innovator in a land of caution and carefully observed custom. Nonetheless, company executives must now wrestle with social and cultural traditions normally identified with much stodgier corporate players.

The immediate issue is whether the aggressively unorthodox style evolved by Mr. Takahashi, who died earlier this month, will be maintained at Minebea. But the deeper question is whether com-

See MINEBEA, Page 21

U.S. Expansion Revised to 4.3% For 1st Quarter

The Associated Press

WASHINGTON — The U.S. economy grew at a 4.3 percent annual rate in the first three months of 1989, much slower than previously reported, the government said Thursday.

The Commerce Department's estimate of growth in the gross national product, the broadest measure of economic health, was well below an initial estimate one month ago that put the GNP increase at 5.5 percent.

The slowdown was even more pronounced when the effects of a rebound from last year's drought in the farm sector were removed.

That rebound added 2.5 percentage points to growth in the first quarter after the drought had subtracted 1.1 percentage points in the last quarter of 1988.

Thus, growth in the nonfarm economy slumped to a lackluster 1.8 percent in the first three months of the year, down from a nonfarm growth rate of 3.5 percent in the fourth quarter and the slowest quarterly GNP advance in more than two years.

At the same time, inflation grew at an annual rate of 5 percent during the January-March quarter, unchanged from the earlier estimate.

The 4.3 percent overall GNP increase was substantially lower than expected. In advance of Thursday's report, many forecasters were looking for only a slight downward revision to 5.4 percent GNP growth.

However, Michael Evans, head of a Washington-based forecasting firm, said the GNP report was actually good news for the economy because much of the weakness came from a big downward revi-

See GNP, Page 23

Swiss Move On Market Speculation

By Richard E. Smith
International Herald Tribune

The Swiss National Bank introduced a flexible rather than a fixed Lombard rate for the first time on Thursday, in a move that will raise the rate from 7 percent to more than 8 percent initially and which gave the sagging Swiss franc a boost on foreign-exchange markets.

Analysts and dealers said the move was probably aimed more at reining-in speculative money markets than supporting the country's currency or tightening monetary policy.

But the decision nevertheless may put further pressure on other central banks, such as the Bank of Japan and the West German Bundesbank, to raise rates to keep pace, particularly in the wake of the Bank of England's move to raise base rates to 14 percent on Wednesday to support the pound.

The dollar dipped from 1.7720 Swiss francs to 1.7490 francs in the wake of the national bank's announcement, while the Deutsche mark eased from 89.50 francs per 100 DM to just below 88.

The Swiss Lombard rate, which has been fixed at 7 percent, will now be recalculated at the beginning of

See SWISS, Page 23

Trump Wins Shuttle as America West Bows Out

By Martha M. Hamilton and Frank Swoboda
Washington Post Service

WASHINGTON — A federal bankruptcy judge has approved the sale of Eastern Airlines' Northeast shuttle to Donald J. Trump after the contending bidder, America West Airlines, withdrew its offer because it could not line up sufficient financing.

Mr. Trump, the New York developer, immediately predicted that he would have his new Trump Shuttle up and flying in two weeks.

U.S. District Judge Burton R. Lifland approved the $365 million sale Wednesday night; America West Airlines' offer was withdrawn after the Phoenix-based airline failed to meet a 5 P.M. deadline set by the court. Judge Lifland issued a formal order for the Trump deal at a hearing Thursday in New York.

Donald Trump
WP

The developer originally agreed to buy the shuttle last fall, declaring he would make it a "diamond, an absolute diamond." Since then, the sale has become enmeshed in Eastern's bankruptcy proceedings, and until Wednesday it was unclear whether Mr. Trump would end up with the shuttle at all.

As part of the transaction with Eastern, Mr. Trump is buying 21 Boeing 727s, which will be refurbished to make them fit to compete against the Pan Am Shuttle.

Pan Am has benefited from the 10-week strike at Eastern by the International Association of Machinists, which forced Eastern to seek bankruptcy protection. Although Eastern has maintained its shuttle operations during the strike, its share of the market it created and once dominated has dwindled to 23 percent.

The shuttle deal also may be the first step in the sale of the entire airline. Eastern's unions still are searching for a buyer for the rest of the airline. Late Wednesday, their hopes appeared to rest with the Chicago commodities trader, Joseph Ritchie, who for three weeks has been negotiating to buy Eastern with or without the shuttle.

Sources said that Mr. Ritchie was prepared to make a formal bid for the remainder of Eastern as early as Thursday. If America West had won the shuttle, there were indications that Mr. Ritchie might have pulled out of the bidding for the rest of the airline.

In addition to the shuttle, America West wanted to buy 10 modern, Boeing 757 jets. The Ritchie group

See EASTERN, Page 22

Hong Kong Stock Index Plummets

Compiled by Our Staff From Dispatches

HONG KONG — Fear about political uncertainties in China sent Hong Kong's leading market indicator, the Hang Seng Index, plummeting a colossal 256.22 points Thursday, to 2,752.51.

The plunge marked a drop of 8.5 percent in the index, and was the fourth fall in five trading days. Before midday, the Hang Seng had dropped as much as 340.03 points.

Fears over China's leadership crisis have shaved 16 percent, or more than 525 points, off the Hang Seng index since May 18. The index is widely regarded as a barometer of confidence in the British colony, which is scheduled to revert to Chinese sovereignty in 1997.

"It was hit-and-run trading," said Laurence Amerine, an analyst at DMT Securities. "Speculators smelled blood and dumped stocks, waiting for a bottom to emerge."

"If force is used in Beijing, then there's more of a drop to come," said Phillip Chan, equities analyst at Mansion House Securities.

Major local and European institutions, however, cushioned the fall, snapping up cheap stocks late in the afternoon to stem the slide.

Turnover on Thursday was a hefty 3.44 billion Hong Kong dollars ($443 million), up from three billion dollars Wednesday. *(AFP, Reuters)*

Currency Rates

Cross Rates

May 25

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	2.2555	3.5595	1.127	0.3327	0.1557 *	—	5.382 *	1.2742	1.585 *
Brussels(a)	41.9275	66.04	20.9445	6.184	2.892 *	18.583	—	23.679	0.2948
Frankfurt					Closed				
London (b)	1.58	—	2.1573	10.479	2,281.50	3.5485	65.935	2.7765	224.295
Milan	1,458.25	2,281.70	723.93	213.69	—	642.38	34.57	817.50	10.179
New York(c)	—	1.5985 b	1.9855	6.71	1,433.50	2.2315	41.49	1.743	141.305
Paris	6.782	10.678	3.3881	—	0.4681 *	3.0064	0.1618	3.8302	4.767 *
Tokyo	142.15	224.24	70.97	20.94	0.981	62.97	3.3942	80.88	—
Zurich	1.7405	2.7863	0.8836	0.2609	0.122 *	0.7837	4.2176 *	—	1.2423 *
1 ECU	1.0389	0.6598	2.0799	7.0458	1,516.83	2.3438	43.5611	1.8099	147.887
1 SDR	1.2409	0.7884	N.Q.	8.4154	1,803.33	2.7987	52.8257	2.1976	175.953

Closings in London, Tokyo and Zurich, fixings in other centers. New York closing rates.
*a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	n.a.	Fin. markka	4.4555	Mex. peso*	2272.72	S. Afr. rand	2.779
Austral. $	1.3385	Greek drac.	169.90	N. Zealand $	1.68	Soviet ruble*	0.6549
Austr. schil.	14.07	Hong Kong $	7.782	Nig. naira*	5.2995	Span. peseta	124.90
Brazil cruz.	1.127	Indian rupee	16.24	Norw. krone	7.2045	Swed. krona	6.719
Canadian $	1.2066	Indo. rupiah	1758.00	Phil. peso	20.69	Taiwan $	25.81
Chinese yuan*	3.7221	Irish £	0.7585	Port. escudo	165.80	Thai baht*	24.79
Danish krone	7.7945	Israeli shek.	1.825	Saudi riyal*	3.748	Turkish lira	2059.00
Egypt. pound	2.5582	Kuwaiti dinar*	0.2952	Sing. $	1.9525	UAE dirham*	3.6697
		Malay. ring.*	2.6955	S. Kor. won	664.50	Venez. boliv.	38.73

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.5695	1.5643	1.5590	Canadian dollar	1.2100	1.2130	1.2154
Japanese yen	141.53	141.01	140.52	Swiss franc	1.7672	1.7649	1.7629
Deutsche mark	1.9950	1.9908	1.9879				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits

May 25

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5⅛-5¼	[illegible]	[illegible]
2 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5⅛-5¼	[illegible]	[illegible]
3 months	9½-9⅝	7⅛-7¼	[illegible]	[illegible]	[illegible]	5⅛-5¼	[illegible]	[illegible]
6 months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
1 year	[illegible]	7⅜-7½	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lloyds Bank (ECU); Reuters (SDR).
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

May 25

United States	Close	Prev.
Discount rate	7.00	7.00
Prime rate	11½	11½
Federal funds	9¾	9 11/16
Com. paper 90-179 days	8.62	8.74
3-month Treasury bills	8.57	8.41
6-month Treasury bills	8.49	8.40
3-month CD's	9.20	9.10
3-month CD's	9.10	9.00
Japan		
Discount rate	2½	2½
Call money	4 7/32	4¼
1-month interbank	5 3/16	5 7/32
3-month interbank	5 3/16	5 7/32
West Germany		
Discount rate	4½	4½
Lombard rate	6½	6½
Overnight rate	Clsd.	6½
1-month interbank	—	6.90
3-month interbank	—	7.15
6-month interbank	—	7.30
Britain		
Bank base rate	14.00	14.00
Call money	14.00	12.00
3-month interbank	13 29/32	13 15/16
6-month interbank	13⅞	13 13/16
France		
Intervention rate	8¼	8¼
Call money	9¼	8 11/16
1-month interbank	8 11/16	8 11/16
3-month interbank	8⅞	8 13/16
6-month interbank	8 15/16	8⅞

Sources: Reuters, Bank of Tokyo, Commerzbank, Crédit Lyonnais.

Asian Dollar Deposits

May 24

1 month	[illegible]
2 months	[illegible]
3 months	9½ - 9⅝
6 months	[illegible]
1 year	[illegible]

Source: Reuters.

U.S. Money Market Funds

May 25

Merrill Lynch Ready Assets
30-day average yield: 9.32
Telerate Interest Rate Index: 9.263
Source: Merrill Lynch, Telerate.

Gold

May 25

	A.M.	P.M.	Ch'ge
Hong Kong	364.85	364.15	+ 1.10
Luxembourg	364.25	—	+ 1.25
Paris (12.5 kilo)	364.08	363.48	+ 1.55
Zurich	363.05	364.05	+ 2.30
London	363.30	363.40	+ 2.10
New York	—	365.25	+ 3.80

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.

Britain's Trade Deficit Swells to £1.66 Billion

Reuters

LONDON — Britain's current-account deficit swelled to £1.66 billion ($2.6 billion) in April from £1.18 billion in March, the government announced Thursday, but the bulge was expected and financial markets remained unruffled.

The deficit on the current account, the broadest measure of trade that includes services such as banking and tourism, was in line with market expectations and lifted the immediate threat of a second rise in British interest rates within 24 hours.

Prices on the London Stock Exchange firmed in response, lifting the Financial Times/Stock Exchange index 3.8 points to 2,136.5 at the close. On currency markets, where the pound has been in swift retreat for several days, sterling dipped before recovering to close at $1.5800, up from Wednesday's $1.5695 close.

The pound's weakness forced the chancellor of the Exchequer, Nigel Lawson, to raise base interest rates to 14 percent from 13 percent Wednesday, and analysts feared that a wider-than-expected trade deficit would prompt another rise.

The April merchandise trade deficit of £2.16 billion was reduced by a £500 million surplus in services, the government said.

Britain's current-account deficit is now running at an annualized £18 billion, compared with Mr. Lawson's budget forecast in March of £14.5 billion.

The Department of Trade and Industry said the overall April increase was caused by so-called erratic items and a 30 percent reduction in oil exports as a result of accidents in North Sea oilfields.

Exports rose 6.1 percent in April compared with the same month in 1988, to £7.14 billion, but were down on the £7.4 billion recorded in March. Imports, meanwhile, grew to £9.3 billion from £8.15 billion a year earlier and £9.07 billion the previous month.

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TDB
AMERICAN EXPRESS BANK

Thursday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

(Continued)

12 Month High	Low	Stock	Div	Yld	PE	Sls 100s	High	Low	4 P.M.	Ch'ge
[illegible]										

NYSE Highs-Lows

NEW HIGHS 109

AdobeRsc	AmSouBcp	AndarkPtr	Anheusr
ApacheCp	BankAmer	BklynUGs	CapCities
Carolco wt	Cascde NGs	CentVIPS	ChemWaste
ClairesStr	Clorox	ColumSav pf	ComPsyc
CnPw 745pf	CnPw 768pf	Cooperin s	CooperTire s
Camplnc s	Culbro	DanaCp	DeluxeCp
Det Edison	DetE 768pf	DetE 736pf	DowJones
DowneySL	Dreyfus	Duqsne Lt	EdisonBros
Elect Assoc	FayeDrug	Fieldcrst	FstChicago n
FstWachov	FlaEsCst	Foxboro	GnMotr E
Genesco Inc	GulfWstn	Harmanint	HelenCur
HollyFarm s	IdahoPwr	KanebSv adl	KaufBdHm
Kellwood	KingWrld	LoewsCp	LIL Co pfX
LIL Co pfU	LIL Co pfT	LIL Co pfS	LIL Co pfO
MFS Munic	Mapco s	Medtronic	MellonBk
MetE 812pf	MetropFn	MichEnRes	MiltonRoy
Monsanto	Mont Pow	NCNB Cp	NewEngElc
NobleAffl	NorStaPw	Okla GE	Penna PwLt
PepBoys	PhilipMor	PhilVanH	PogoProd
PopeTalb	Potlatch	PSEG 752pf	PutnamHYM n
RaymdJames	Roch GasE	SanDie Gas	Smithlnt
SouJerInd	Southdown	SidFdBk	StonerdgeRs
StorageTch n	StrideRite	Syntex	TelcomUSA
Texaco	ThermoEl	Timelnc	Transco pf
Travelers	UDC Devl	UnComp	UnPacCp
UnPlantr s	UnTexEx	UniTel	Univar Cp
Unocal	WMS Ind	Wash WatP	WasteMat
WinnDix			

NEW LOWS 10

viAlgin 112	BancoBilV n	BkBos adl pf	Grumman pf
IntgRs 425p	NYS adl pf	OhioMatt	Quantum
Utdllium pf	VishayIntrl		

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.
a — dividend also extra(s). b — annual rate of dividend plus stock dividend. c — liquidating dividend. cld — called. d — new yearly low. e — dividend declared or paid in preceding 12 months. g — dividend in Canadian funds, subject to 15% non-residence tax. i — dividend declared after split-up or stock dividend. j — dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k — dividend declared or paid this year, an accumulative issue with dividends in arrears. n — new issue in the past 52 weeks. The high-low range begins with the start of trading. nd — next day delivery. P/E — price-earnings ratio. r — dividend declared or paid in preceding 12 months, plus stock dividend. s — stock split. Dividend begins with date of split. sls — sales. t — dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u — new yearly high. v — trading halted. vi — in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies. wd — when distributed. wi — when issued. ww — with warrants. x — ex-dividend or ex-rights. xdis — ex-distribution. xw — without warrants. y — ex-dividend and sales in full. yld — yield. z — sales in full.

U.S. Futures

Via The Associated Press

May 25

Grains

Season High	Season Low		Open	High	Low	Close	Chg.
WHEAT (CBT) 5,000 bu minimum- dollars per bushel							
4.22	3.27	Jul	4.00	4.02	3.95	3.96	—.02¾
4.29	3.50½	Sep	4.06½	4.09	4.02	4.02½	—.03¼
4.40½	3.78	Dec	4.18½	4.21½	4.15	4.16¼	—.01¾
4.43	4.03½	Mar	4.23¾	4.26¼	4.20	4.21	—.01½
4.32	4.03½	May	4.11	4.13	4.07	4.10	+.01
3.85	3.75	Jul	3.78	3.79½	3.72	3.72	—.06
Est. Sales		Prev. Sales 14,032					
Prev. Day Open Int. 61,792 up 1,556							
CORN (CBT) 5,000 bu minimum- dollars per bushel							
		Jul	2.62½	2.65¼	2.61	2.64¼	+.02¾
3.60	2.33	Sep	2.48¼	2.49	2.46¼	2.48¼	+.02½
3.17¾	2.45	Dec	2.41½	2.44	2.41½	2.42	+.02¼
2.95	2.35	Mar	2.49½	2.51	2.48¼	2.49½	+.02½
2.86½	2.46	May	2.52½	2.55½	2.52	2.53	+.03
2.89½	2.50	Jul	2.53	2.56	2.53	2.55½	+.03
2.84	2.50½	Sep	2.46	2.46	2.46	2.46	+.01
2.55	2.45	Dec	2.39	2.42	2.39	2.42	+.02
Est. Sales		Prev. Sales 54,850					
Prev. Day Open Int. 164,744 off 232							
SOYBEANS (CBT) 5,000 bu minimum- dollars per bushel							
9.86	6.88¾	Jul	6.99	7.02	6.98	7.01½	+.04¼
9.51	6.75	Aug	6.86	6.89½	6.85	6.86½	+.01½
8.35	6.49	Sep	6.60½	6.66½	6.59	6.60¼	+.01¾
7.93	6.39	Nov	6.50	6.57	6.46	6.47¾	+.00¼
7.67	6.51	Jan	6.57½	6.64	6.57	6.57¼	+.01¼
7.74	6.63	Mar	6.66½	6.75	6.65	6.65½	
7.78	6.71	May	6.81	6.81	6.71½	6.73½	+.02
6.60	6.52	Nov	6.50	6.50	6.43	6.43	—.09
Est. Sales		Prev. Sales 52,186					
Prev. Day Open Int. 94,715							
SOYBEAN MEAL (CBT) 100 tons- dollars per ton							
300.00	203.50	Jul	207.50	209.20	207.10	208.00	+1.80
298.00	201.00	Aug	205.50	206.00	204.20	204.50	+.60
286.00	197.00	Sep	200.00	201.00	199.00	199.50	+.80
280.00	192.50	Oct	194.50	196.00	193.00	193.50	+.50
260.00	191.00	Dec	193.50	195.00	191.00	191.00	—1.30
230.00	191.00	Jan	194.00	194.00	190.50	190.50	—1.20
249.20	190.00	Mar	194.00	194.00	190.00	190.00	—1.50
230.50	190.00	May	193.00	193.00	190.00	190.00	
Est. Sales		Prev. Sales 21,427					
Prev. Day Open Int. 58,204 up 155							
SOYBEAN OIL (CBT) 60,000 lbs- dollars per 100 lbs.							
32.50	21.65	Jul	21.76	21.88	21.66	21.81	+.15
32.05	21.85	Aug	21.95	22.09	21.88	22.04	+.18
29.50	22.05	Sep	22.15	22.29	22.15	22.25	+.16
28.80	22.15	Oct	22.30	22.50	22.30	22.40	+.20
28.05	22.50	Dec	22.70	22.85	22.68	22.75	+.17
25.45	22.70	Jan	22.90	23.00	22.90	22.90	+.20
25.85	23.00	Mar	23.38	23.40	23.35	23.37	+.22
26.05	23.25	May				23.52	+.27
25.80	23.30	Jul				23.52	+.22
23.90	23.40	Aug				23.52	+.27
Est. Sales		Prev. Sales 19,419					
Prev. Day Open Int. 74,849 up 614							

Livestock

Season High	Season Low		Open	High	Low	Close	Chg.
CATTLE (CME) 40,000 lbs.- cents per lb.							
75.90	68.60	Jun	69.75	69.90	69.12	69.20	—.67
73.80	65.00	Aug	66.72	66.87	66.50	66.72	+.10
73.15	66.75	Sep	66.60	67.35	66.40	66.77	+.02
74.11	68.20	Oct	68.90	69.15	68.75	68.95	
73.95	62.00	Dec	70.50	70.95	70.50	70.75	+.03
73.60	69.90	Feb	70.90	71.15	70.90	71.15	
74.00	71.08	Apr	71.95	71.95	71.80	71.90	—.10
72.35	70.60	Jun	71.00	71.00	71.00	71.00	
Est. Sales 21,535		Prev. Sales 26,949					
Prev. Day Open Int. 82,342 off 2,412							
FEEDER CATTLE (CME) 44,000 lbs.- cents per lb.							
84.15	75.12	May	77.00	77.00	76.85	76.90	+.18
83.30	75.65	Aug	77.55	77.87	77.45	77.72	+.07
82.10	75.50	Sep	77.70	78.10	77.65	77.90	+.23
83.00	75.90	Oct	78.05	78.20	77.80	78.10	+.13
83.50	76.60	Nov	78.78	78.75	78.60	78.80	+.05
83.75	77.30	Jan	79.40	79.40	79.40	79.40	—.05
78.85	77.75	Mar				78.50	
Est. Sales 1,619		Prev. Sales 3,024					
Prev. Day Open Int. 13,518 up 328							
HOGS (CME) 30,000 lbs.- cents per lb.							
56.25	42.50	Jun	48.40	48.65	48.10	48.20	—.25
56.00	45.20	Jul	48.80	49.10	48.10	48.15	—.80
51.80	43.25	Aug	46.50	46.90	46.12	46.22	—.55
47.00	40.80	Oct	42.95	43.37	42.65	42.77	—.33
47.25	38.75	Dec	44.90	45.05	44.70	44.77	—.13
47.40	43.70	Feb	46.35	46.40	46.15	46.15	—.05
45.10	42.77	Apr	44.45	44.45	44.05	44.17	—.08
48.05	46.80	Jun	47.47	47.55	47.45	47.52	+.05
Est. Sales 5,566		Prev. Sales 9,105					
Prev. Day Open Int. 30,135 off 480							
PORK BELLIES (CME) 40,000 lbs.- cents per lb.							
64.50	30.70	Jul	33.05	33.50	32.02	32.17	—.93
58.20	30.45	Aug	33.00	33.35	32.00	32.12	—.90
61.60	42.00	Feb	50.40	50.60	49.40	49.52	—.88
60.00	42.00	Mar	49.90	50.00	49.02	49.07	—.83
60.90	46.85	May	50.40	50.40	50.40	50.40	—1.85
60.90	47.15	Jul				51.50	
55.80	46.10	Aug				48.50	
Est. Sales 5,426		Prev. Sales 8,065					
Prev. Day Open Int. 25,142 up 128							

Food

Season High	Season Low		Open	High	Low	Close	Chg.
COFFEE C (NYCSCE) 37,500 lbs.- cents per lb.							
145.25	114.00	Jul	133.00	135.40	132.50	134.21	+1.91
152.90	114.00	Sep	127.25	129.10	127.00	128.58	+1.82
149.50	114.75	Dec	124.00	125.35	123.60	125.03	+2.03
146.00	114.75	Mar	122.70	124.00	122.60	123.97	+1.74
123.50	116.00	May	123.00	123.40	123.00	123.40	+.65
132.25	115.00	Jul				121.50	+.75
120.00	117.00	Sep				122.00	+3.27
Est. Sales 3,937		Prev. Sales 4,224					
Prev. Day Open Int. 24,153 up 117							
SUGAR WORLD 11 (NYCSCE) 112,000 lbs.- cents per lb.							
13.48	8.10	Jul	11.27	11.28	11.14	11.15	—.05
13.30	8.45	Oct	11.20	11.35	11.12	11.21	+.16
12.35	8.80	Jan				11.16	+.16
12.10	8.75	Mar	10.96	11.03	10.84	10.95	+.07
12.05	9.50	May	10.93	10.97	10.84	10.93	+.02
12.60	10.68	Jul	10.95	10.95	10.95	10.87	
11.90	10.92	Oct				10.76	
Est. Sales 29,726		Prev. Sales 34,882					
Prev. Day Open Int. 143,612 off 1,027							
COCOA (NYCSCE) 10 metric tons- $ per ton							
1895	1125	Jul	1278	1280	1251	1253	+18
1850	1127	Sep	1255	1263	1243	1247	+26
1735	1133	Dec	1260	1268	1248	1258	+30
1535	1133	Mar	1255	1268	1246	1260	+32
1465	1138	May	1250	1265	1248	1260	+37
1335	1154	Jul	1261	1277	1260	1275	+35
1280	1180	Sep				1298	+35
Est. Sales 7,771		Prev. Sales 6,257					
Prev. Day Open Int. 42,322 up 70							
ORANGE JUICE (NYCE) 15,000 lbs.- cents per lb.							
195.00	132.00	Jul	184.00	184.70	181.75	184.00	+.65
187.75	132.00	Sep	179.20	179.25	177.10	178.85	+.45
179.50	129.00	Nov	168.00	168.00	167.50	167.25	—.25
173.00	127.50	Jan	163.80	164.00	163.60	164.00	—.10
171.30	127.75	Mar	163.50	163.50	163.20	163.25	—.10
169.00	151.00	May				162.75	—.85
		Jul				162.75	—.05
160.00	160.00	Sep				162.75	—.85
Est. Sales 1,000		Prev. Sales 1,435					
Prev. Day Open Int. 9,178							

Metals

Season High	Season Low		Open	High	Low	Close	Chg.
COPPER (COMEX) 25,000 lbs.- cents per lb.							
146.00	73.15	May	111.10	111.50	108.80	109.10	+.50
137.70	115.50	Jun				109.50	+.20
138.50	73.70	Jul	111.30	112.50	110.00	110.30	+.30
131.50	76.00	Sep	110.20	111.30	109.00	109.20	
126.00	77.45	Dec	109.50	111.20	109.00	109.10	
Est. Sales 6,800		Prev. Sales 6,865					
Prev. Day Open Int. 28,518 off 511							
ALUMINUM (COMEX) 40,000 lbs.- cents per lb.							
109.00	83.50	May				95.25	+2.00
		Jun				95.00	+2.00
104.00	83.00	Jul	94.50	94.50	94.50	94.00	+2.00
104.00	82.50	Sep				89.50	
98.50	82.50	Dec	87.00	87.00	87.00	87.00	
82.50	82.50	Jan				85.00	
87.00	87.00	Mar				85.00	
		May				85.00	
95.50	95.50	Jul				85.00	
		Sep				85.00	
		Dec				85.00	
		Jan				85.00	
		Mar				85.00	
Est. Sales 4		Prev. Sales 1					
Prev. Day Open Int. 722							
SILVER (COMEX) 5,000 troy oz.- cents per troy oz.							
965.0	506.0	May	573.0	528.0	522.5	526.7	+8.9
589.0	525.0	Jun				526.8	+8.7
985.0	512.0	Jul	526.0	535.0	525.5	531.8	+8.6
861.0	522.0	Sep	535.0	543.5	535.0	540.5	+8.5
886.0	532.0	Dec	548.0	556.5	547.5	553.5	+8.6
815.0	535.0	Jan				557.4	+8.8
910.0	547.5	Mar	564.8	567.5	563.0	566.0	+8.9
910.0	558.0	May	573.5	573.5	571.5	574.8	+9.0
761.5	566.0	Jul	585.0	586.0	585.0	583.8	+9.1
760.0	601.3	Sep				592.8	+9.1
742.0	582.0	Dec	540.4	604.0	604.0	605.6	+9.4
688.0	596.0	Jan				609.8	+9.4
645.0	603.0	Mar	614.0	615.0	614.0	618.5	+9.4
Est. Sales 20,000		Prev. Sales 11,693					
Prev. Day Open Int. 87,572 off 1,930							
PLATINUM (NYME) 50 troy oz.- dollars per troy oz.							
647.50	478.00	Jul	492.50	508.00	492.00	502.20	+13.20
609.00	479.00	Oct	494.00	508.50	494.00	503.70	+14.00
601.50	483.50	Jan	499.00	511.00	499.00	506.20	+14.50
557.50	491.00	Apr	503.00	510.00	503.00	509.70	+14.50
		Jul				514.40	+14.50
Est. Sales		Prev. Sales 6,871					
Prev. Day Open Int. 22,581 off 34							
PALLADIUM (NYME) 100 troy oz- dollars per oz							
163.00	147.50	May	152.00	152.00	152.00	152.75	+4.95
184.00	114.00	Jun	147.50	151.40	147.50	150.75	+4.95
180.00	116.00	Sep	146.50	149.90	146.50	149.25	+4.45
177.50	120.50	Dec	146.50	148.50	146.00	147.25	+3.85
176.00	123.00	Mar	145.00	145.00	144.00	145.25	+3.85
175.00	140.75	Jun	143.20	143.20	142.95	143.25	+3.85
Est. Sales		Prev. Sales 1,532					
Prev. Day Open Int. 9,029 off 12							
GOLD (COMEX) 100 troy oz.- dollars per troy oz.							
384.30	367.50	May				367.80	+2.50
570.00	360.60	Jun	365.50	367.90	365.20	367.20	+2.50
		Jul				368.90	+2.60
575.00	363.80	Aug	367.90	371.00	367.80	370.10	+2.70
575.50	367.70	Oct	373.00	374.20	372.50	374.00	+2.90
514.50	371.00	Dec	376.00	379.00	375.30	377.80	+3.00
516.00	375.50	Feb				381.60	+3.10
525.80	379.00	Apr	386.00	386.00	385.50	385.70	+3.30
497.00	382.00	Jun	389.70	390.50	389.70	389.70	+3.40
487.00	389.50	Aug				393.70	+3.50
472.00	400.50	Oct				398.00	+3.70
455.50	395.50	Dec				402.20	+3.80
450.00	397.50	Feb	405.50	405.50	405.50	406.60	+4.00
Est. Sales 43,000		Prev. Sales 41,069					
Prev. Day Open Int. 179,231 off 2,243							

Financial

Season High	Season Low		Open	High	Low	Close	Chg.
US T. BILLS (IMM) $1 million- pts of 100 pct.							
93.48	90.48	Jun	91.40	91.65	91.54	91.55	—.17
93.13	90.41	Sep	92.25	92.26	92.18	92.24	—.07
92.71	90.50	Dec	92.33	92.35	92.24	92.32	—.05
92.69	90.75	Mar	92.32	92.32	92.32	92.36	—.08
92.40	91.10	Jun	92.25	92.25	92.25	92.32	—.08
92.40	91.28	Sep	92.39	92.39	92.39	92.39	—.06
Est. Sales		Prev. Sales 9,233					
Prev. Day Open Int. 23,712 off 646							
10 YR. TREASURY (CBT) $100,000 prin- pts & 32nds of 100 pct							
96-11	89-9	Jun	95-26	96-2	95-12	95-19	—8
96-14	89-13	Sep	95-30	96-5	95-18	95-25	—7
96-10	91-17	Dec	95-22	95-26	95-22	95-26	—7
95-18	95-17	Mar				95-26	—7
Est. Sales		Prev. Sales 20,800					
Prev. Day Open Int. 91,546 up 1,819							
US TREASURY BONDS (CBT) (8 pct-$100,000-pts & 32nds of 100 pct)							
94-4	73-11	Jun	92-27	93-3	92-9	92-17	
93-16	72-26	Sep	92-22	92-30	92-6	92-13	
93-4	72-18	Dec	92-16	92-20	92-3	92-9	
92-28	72-1	Mar	92-7	92-10	92-1	92-6	
92-24	75	Jun	92-2	92-14	91-31	92-1	
92-15	79-1	Sep	91-31	92	91-29	91-27	
92-7	80	Dec	91-26	91-26	91-24	91-24	
91-4	79-21	Mar				91-19	
90-28	82-18	Jun				91-14	
91-23	86-4	Sep				91-8	
90-7	88-18	Dec				91-2	
Est. Sales		Prev. Sales 245,575					
Prev. Day Open Int. 328,523 off 122							
MUNICIPAL BONDS (CBT) $1000x index- pts & 32nds of 100 pct							
94-12	77-4	Jun	93-12	93-20	93-3	93-4	—12
93-20	78-6	Sep	92-23	92-27	92-14	92-14	—11
92-24	81-10	Dec	92-3	92-8	91-27	91-28	
92-8	85-19	Mar				91-14	
91-26	87-2	Jun				91-2	
Est. Sales		Prev. Sales 5,105					
Prev. Day Open Int. 13,820 up 394							
EURODOLLARS (IMM) $1 million- pts of 100 pct.							
92.72	88.76	Jun	90.54	90.62	90.53	90.58	—.15
91.92	88.70	Sep	90.87	90.95	90.80	90.83	
91.76	88.94	Dec	90.87	90.95	90.83	90.84	
91.62	88.90	Mar	90.97	91.05	90.92	90.93	
91.50	88.82	Jun	90.97	90.98	90.89	90.90	
91.40	88.74	Sep	90.88	90.90	90.82	90.82	
91.31	89.85	Dec	90.77	90.77	90.72	90.72	
91.06	89.96	Mar	90.83	90.84	90.78	90.79	
90.99	89.91	Jun	90.79	90.79	90.79	90.79	
90.96	90.04	Sep	90.78	90.83	90.78	90.78	
90.92	90.04	Dec	90.74	90.74	90.72	90.73	
90.96	90.09	Mar	90.80	90.82	90.78	90.78	
Est. Sales		Prev. Sales 138,117					
Prev. Day Open Int. 761,896 off 12,351							
BRITISH POUND (IMM) $ per pound- 1 point equals $0.0001							
1.8370	1.5570	Jun	1.5702	1.5844	1.5660	1.5834	+238
1.7754	1.5410	Sep	1.5530	1.5700	1.5530	1.5678	+234
1.7400	1.5250	Dec				1.5564	+218
		Mar				1.5406	+214
1.6750	1.5070	Jun				1.5298	+218
Est. Sales		Prev. Sales 9,882					
Prev. Day Open Int. 28,172 up 826							
CANADIAN DOLLAR (IMM) $ per dlr- 1 point equals $0.0001							
.8440	.7670	Jun	.8265	.8272	.8238	.8256	
.8396	.7940	Sep	.8210	.8222	.8179	.8205	
.8370	.7920	Dec	.8135	.8165	.8135	.8161	
.8310	.7890	Mar	.8130	.8140	.8115	.8121	
.8290	.8180	Jun	.8085	.8085	.8085	.8084	
Est. Sales		Prev. Sales 14,746					
Prev. Day Open Int. 23,796 up 969							
FRENCH FRANC (IMM) $ per franc- 1 point equals $0.00001							
.16170	.14630	Jun				.14890	+260
.16050	.14660	Sep				.14910	+255
.16105	.14690	Dec				.14930	+248
Est. Sales		Prev. Sales 8					
Prev. Day Open Int. 24							
GERMAN MARK (IMM) $ per mark- 1 point equals $0.0001							
.5975	.4960	Jun	.5005	.5053	.5002	.5050	
.5977	.4980	Sep	.5025	.5080	.5025	.5075	
.5825	.5013	Dec	.5055	.5094	.5048	.5096	+70
.5062	.5062	Mar				.5130	+70
Est. Sales		Prev. Sales 32,717					
Prev. Day Open Int. 79,132 up 198							
JAPANESE YEN (IMM) $ per yen- 1 point equals $0.000001							
.008485	.007003	Jun	.007048	.007095	.007032	.007092	+82
.008580	.007075	Sep	.007118	.007170	.007116	.007167	+87
.008650	.007137	Dec	.007195	.007242	.007195	.007237	+91
.008338	.007210	Mar	.007275	.007275	.007275	.007305	+95
Est. Sales		Prev. Sales 32,443					
Prev. Day Open Int. 73,906 off 351							
SWISS FRANC (IMM) $ per franc- 1 point equals $0.0001							
.7130	.5569	Jun	.5655	.5744	.5645	.5732	+138
.7210	.5590	Sep	.5685	.5764	.5669	.5748	+133
.6592	.5600	Dec	.5710	.5780	.5700	.5778	+131
Est. Sales		Prev. Sales 23,485					
Prev. Day Open Int. 45,197 up 594							

Industrials

Season High	Season Low		Open	High	Low	Close	Chg.
LUMBER (CME) 150,000 bd. ft.- $ per 1,000 bd. ft.							
196.00	167.10	Jul	180.20	180.50	179.20	179.90	—.60
194.70	175.10	Sep	182.80	182.90	182.00	182.40	—.40
190.60	174.30	Nov	180.10	180.40	179.50	179.50	—.90
192.00	181.20	Jan	185.40	185.40	184.00	184.60	—.80
191.80	185.00	Mar	188.00	188.00	188.00	188.00	—.30
192.50	188.00	May	190.00	190.00	190.00	191.00	+.30
195.70	177.50	Jul				193.70	
Est. Sales		Prev. Sales 1,022					
Prev. Day Open Int. 7,032 up 26							
COTTON 2 (NYCE) 50,000 lbs.- cents per lb.							
68.50	49.26	Jul	67.40	67.45	66.86	67.15	—.35
68.90	58.35	Oct	68.45	68.70	68.10	68.45	+.27
69.38	50.75	Dec	69.00	69.48	68.67	69.26	+.32
69.70	53.60	Mar	69.45	69.95	69.45	69.93	+.43
69.75	55.90	May	69.50	70.25	69.45	70.25	+.75
69.90	63.70	Jul	69.75	70.20	69.75	70.18	+.58
69.60	67.80	Oct	69.00	69.20	69.00	69.20	+.43
Est. Sales		Prev. Sales 6,525					
Prev. Day Open Int. 43,838 up 286							
HEATING OIL (NYME) 42,000 gal- cents per gal							
54.75	.85	Jun	49.35	50.50	49.00	49.10	—.51
53.80	34.75	Jul	47.55	48.90	46.95	47.28	—.58
54.00	35.45	Aug	48.00	48.90	47.25	47.40	—.64
54.50	36.25	Sep	48.60	49.40	47.80	48.10	—.46
54.90	37.20	Oct	49.30	49.95	48.80	48.86	—.43
55.50	38.00	Nov	50.50	50.50	50.20	50.20	+.26
56.05	39.00	Dec	50.60	51.20	50.40	50.50	—.09
53.00	46.50	Jan	51.00	51.35	51.00	51.35	+.51
52.50	48.86	Feb	50.90	50.90	50.90	50.90	+.56
Est. Sales		Prev. Sales 17,412					
Prev. Day Open Int. 538 off 49,824							
CRUDE OIL (NYME) 1,000 bbl.- dollars per bbl.							
20.25	12.65	Jul	19.50	19.74	19.40	19.49	—.17
19.43	12.60	Aug	18.60	18.95	18.60	18.60	—.38
19.28	12.68	Sep	18.21	18.55	18.18	18.25	—.07
18.93	12.75	Oct	17.88	18.25	17.88	18.02	
18.67	15.00	Nov	17.71	18.03	17.71	17.79	
56.20	13.40	Dec	17.55	17.80	17.40	17.64	+.04
18.10	15.67	Jan	17.45	17.45	17.45	17.60	+.16
17.95	15.74	Feb	17.45	17.48	17.45	17.48	+.16
17.80	14.10	Mar	17.25	17.42	17.25	17.32	+.10
17.45	16.30	Apr	17.30	17.33	17.30	17.32	+.20
17.50	16.20	May	17.24	17.24	17.23	17.23	+.19
17.20	16.60	Jun	17.17	17.17	17.17	17.17	+.20
Est. Sales		Prev. Sales 119,340					
Prev. Day Open Int. 209,380							

Stock Indexes

(Indexes compiled shortly before market close)

Season High	Season Low		Open	High	Low	Close	Chg.
SP COMP. INDEX (CME) points and cents							
325.00	263.80	Jun	319.25	321.30	319.20	319.95	—.45
329.25	271.50	Sep	323.80	325.60	323.50	324.40	—.35
333.30	298.90	Dec	327.40	327.40	327.40	327.40	—1.50
Est. Sales		Prev. Sales 38,160					
Prev. Day Open Int. 142,828 up 1,080							
VALUE LINE (KCBT) points and cents							
285.60	245.70	Jun	282.70	283.90	282.70	283.50	
288.70	284.20	Sep	287.50	287.50	287.50	287.50	—.10
Est. Sales		Prev. Sales 117					
Prev. Day Open Int. 1,401 up 9							

Commodity Indexes

	Close	Previous
Moody's	1,090.00 f	1,096.00 f
Reuters	2,010.70	2,010.90
D.J. Futures	132.74	132.16
Com. Research	232.89	232.14

Moody's : base 100 : Dec. 31, 1931.
p - preliminary; f - final
Reuters : base 100 : Sep. 18, 1931.
Dow Jones : base 100 : Dec. 31, 1974.

Market Guide

CBT:	Chicago Board of Trade
CME:	Chicago Mercantile Exchange
IMM:	International Monetary Market Of Chicago Mercantile Exchange
NYCSCE:	New York Cocoa, Sugar, Coffee Exchange
NYCE:	New York Cotton Exchange
COMEX:	Commodity Exchange, New York
NYME:	New York Mercantile Exchange
KCBT:	Kansas City Board of Trade
NYFE:	New York Futures Exchange

Currency Options

May 25

PHILADELPHIA EXCHANGE

Option & Underlying	Strike Price	Calls—Last Jun	Jul	Sep	Puts—Last Jun	Jul	Sep
50,000 Australian Dollars-cents per unit.							
ADollr	70	r	r	r	r	0.14	r
75.79	71	r	r	r	r	0.25	r
75.79	72	r	r	r	r	0.53	1.07
75.79	73	r	r	r	0.20	0.61	1.46
75.79	74	r	r	r	0.41	r	1.93
75.79	75	0.91	r	r	0.80	1.60	2.50
75.79	76	0.76	r	r	r	r	3.17
75.79	77	0.40	r	r	r	r	r
75.79	79	r	0.28	r	3.56	r	r
50,000 Australian Dollars-European Style.							
75.79	77	0.38	r	r	r	r	r
31,250 British Pounds-cents per unit.							
BPound	150	r	r	r	r	r	1.73
158.57	155	r	r	r	1.00	1.70	r
158.57	157½	2.40	r	r	1.85	r	r
158.57	160	1.25	1.70	r	r	r	r
158.57	162½	0.32	0.90	r	5.33	r	r
158.57	165	0.23	r	r	7.35	r	r
158.57	167½	r	r	r	9.90	r	r
158.57	170	r	r	0.50	r	r	r
31,250 British Pounds-European Style.							
158.57	155	3.55	r	4.55	r	r	r
158.57	160	r	r	r	3.25	r	r
158.57	165	r	r	r	r	r	9.55
50,000 Canadian Dollars-cents per unit.							
CDollr	81	r	r	r	r	0.12	r
82.69	81½	r	r	r	r	r	0.63
82.69	82	0.60	r	r	0.22	0.46	r
82.69	82½	0.40	0.53	0.70	0.35	0.66	r
82.69	83	0.24	0.34	r	0.62	r	r
82.69	83½	0.09	0.21	r	1.05	r	r
82.69	84	0.04	r	r	1.61	r	2.07
82.69	84½	0.04	r	r	1.93	r	2.65
82.69	85	0.01	r	r	r	r	2.96
82.69	85½	0.01	r	r	r	r	r
50,000 Canadian Dollars-European Style.							
CDollar	82	r	r	r	0.21	r	r
82.69	82½	0.36	r	r	r	r	r
82.69	83	r	r	r	0.69	r	r
82.69	83½	0.09	0.23	r	r	r	r
82.69	84	0.04	r	r	1.50	r	r
82.69	85	0.01	r	r	r	r	r
62,500 West German Marks-cents per unit.							
DMark	47	r	r	r	r	0.10	0.24
50.35	48	r	r	r	r	0.22	0.43
50.35	49	1.43	r	r	0.17	0.38	0.67
50.35	50	0.87	1.12	r	0.47	0.75	1.10
50.35	51	0.40	0.65	1.10	1.02	1.23	1.64
50.35	52	0.15	0.39	0.75	1.91	r	2.23
50.35	53	0.07	0.12	0.44	2.70	2.99	r
50.35	54	r	0.10	r	r	r	r
50.35	55	r	r	0.19	r	r	r
50.35	56	r	r	0.11	r	r	r
62,500 West German Marks-European Style.							
50.35	49	r	r	r	0.18	r	r
50.35	52	r	r	r	r	r	2.17
6,250,000 Japanese Yen-100ths of a cent per unit.							
JYen	67	r	r	r	0.07	r	r
70.64	68	r	r	r	r	0.26	r
70.64	69	r	r	r	0.26	0.50	0.87
70.64	70	1.25	1.66	r	0.50	0.82	r
70.64	71	0.70	r	1.91	0.90	1.28	1.61
70.64	72	0.37	0.75	r	1.70	1.75	r
70.64	73	0.19	r	r	2.55	r	r
70.64	74	0.06	0.25	r	3.45	r	3.66
70.64	75	0.03	r	0.52	r	r	r
70.64	76	0.01	r	r	r	r	r
62,500 Swiss Francs-cents per unit.							
SFranc	54	r	r	r	r	0.20	0.37
57.23	55	2.50	r	r	0.14	0.34	0.64
57.23	56	1.65	r	1.98	0.33	0.60	1.10
57.23	57	0.78	1.30	1.48	0.66	0.98	1.57
57.23	58	0.36	0.64	r	r	r	2.09
57.23	59	0.15	0.53	0.72	r	r	r
57.23	60	0.05	r	0.52	r	r	r
57.23	62	r	r	r	4.91	r	r
62,500 Swiss Francs-European Style.							
57.23	62	r	r	r	5.20	r	r
62,500 European Currency Units-cents per unit.							
ECU	104	r	r	2.66	r	r	r

Total call vol. 44,294 Call open int. 571,327
Total put vol. 25,676 Put open int. 443,890
r—Not traded. s—No option offered.
Last is premium (purchase price).
Source: AP.

Floating-Rate Notes

May 25

Dollars

Issuer/Mat.	Coupon	Next	Bid	Askd
U.S.Dollars				
Cbo Pero New	10.06	22-08	99.80	99.90
World Bank Jan 89	8.885	15-06	97.80	100.00
Bk Greece Mar 99	10%	08-09	99.58	99.68
Ribwa Perp	10.44	18-09	99.20	99.90
Alaska Finance Jul01	9.663	17-07	99.65	99.75
Alberta 93	9.453	13-06	100.13	100.23
Alb Perp	10%	22-11	88.50	89.50
Alb Perp Cap	10%	28-07	85.50	86.50
American Express 97	10%	30-06	99.80	99.25
Amex Sub 06Mar99	10%	06-07	98.37	98.62
[illegible]				

Deutsche Marks

Issuer/Mat.	Coupon	Next	Bid	Askd
Dresdner Fin 94/99	6.594	26-07	99.86	99.96
Austria 98 Dm	6%	20-08	99.27	99.87
Bk Of China Nov 93	6%	08-08	99.50	100.00
Bk Greece 92/95 (Dm)	5%	06-06	99.50	100.00
[illegible]				

Pounds Sterling

Issuer/Mat.	Coupon	Next	Bid	Askd
[illegible]				

Japanese Yen

Issuer/Mat.	Coupon	Next	Bid	Askd
Cnt 97 Yen	-		100.00	100.50
Cr Foncier Aug97 Yen	4%	30-08	100.18	100.60

E.C.U.

Issuer/Mat.	Coupon	Next	Bid	Askd
Belgium May 99	8.781	11-08	99.90	100.00
Roma 92 (Ecu)	8%	08-08	99.75	100.25
Cr Foncier 96 (Ecu)	8.8	18-07	99.87	100.12
Ireland 97 (Ecu)	9	30-10	99.50	100.00
Italy 92 Ecu	8%	28-06	99.75	100.25
Pecoro 19Sept 97 Ecu	9	21-06	99.72	99.82
Sigobain Perp Ecu	7¾	-	93.00	94.00

Source : Credit Suisse-First Boston Ltd. London

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Paris Commodities

May 25

	High	Low	Close Bid	Ask	Ch'ge
SUGAR French francs per metric ton					
Aug	2,305	2,280	2,275	2,290	—35
Oct	2,170	2,150	2,150	2,155	—31
Dec	N.T.	N.T.	2,080	2,110	—35
Mar	2,060	2,030	2,025	2,035	—35
May	N.T.	N.T.	2,000	2,030	—42
Aug	N.T.	N.T.	1,990	2,020	—42
Est. vol: 1,352 lots of 50 tons. Prev. actual sales: 1,178 lots. Open interest: 13,537.					
COCOA French francs per 100 kg					
May	N.T.	N.T.	845	—	+25
Jly	N.T.	N.T.	855	—	+25
Sep	N.T.	N.T.	885	—	+25
Dec	N.T.	N.T.	900	—	+25
Mar	N.T.	N.T.	900	—	+25
May	N.T.	N.T.	900	—	+25
Jly	N.T.	N.T.	900	—	+25
Est. vol: 0 lots of 10 tons. Prev. actual sales: 0 lots. Open position: 4.					
COFFEE French francs per 100 kg					
May	N.T.	N.T.	1,375	—	Unch.
Jly	N.T.	N.T.	1,230	1,260	—10
Sep	N.T.	N.T.	1,180	1,210	+6
Nov	1,173	N.T.	1,170	1,185	—2
Jan	N.T.	N.T.	1,145	1,180	Unch.
Mar	N.T.	N.T.	1,140	—	—5
May	90 N.T.	N.T.	1,135	—	—2
Est. vol: 16 lots of 5 tons. Prev. actual sales: 11 lots. Open position: 245.					

Source: Bourse de Commerce.

London Commodities

May 25

	Close Bid	Ask	High	Low	Previous Bid	Ask
SUGAR U.S. Dollars per metric ton						
Aug	249.80	250.00	253.60	248.60	249.20	249.40
Oct	250.00	250.20	253.60	247.00	248.20	248.40
Dec	245.00	249.00	246.00	246.00	241.00	247.40
Mar	243.40	243.80	246.40	242.80	242.20	242.40
May	242.40	243.20	243.00	242.00	241.20	241.40
Aug	241.00	243.00	N.T.	N.T.	240.00	240.80
Oct	240.00	243.00	N.T.	N.T.	237.00	240.80
Volume: 3,328 lots of 50 tons.						
COCOA Sterling per metric ton						
May	800	815	808	785	764	766
Jul	818	820	824	780	778	779
Sep	833	835	840	803	799	800
Dec	876	877	880	849	842	844
Mar	868	870	874	841	834	835
May	873	874	880	842	834	835
Jul	884	885	885	852	843	845
Volume: 10,200 lots of 10 tons.						
GASOIL U.S. dollars per metric ton						
Jun	145.00	145.25	146.00	144.25	144.00	144.25
Jul	143.50	143.75	144.50	142.50	142.25	142.50
Aug	143.50	143.75	144.50	142.75	142.25	142.50
Sep	144.25	144.50	144.50	143.50	143.50	144.00
Oct	145.00	147.00	146.00	145.25	143.50	146.50
Nov	146.00	147.25	146.00	146.00	145.25	149.00
Dec	146.50	147.00	146.50	146.50	145.00	147.50
Jan	147.00	150.00	N.T.	N.T.	145.00	151.00
Feb	146.00	149.00	N.T.	N.T.	145.00	151.00
Volume: 6,846 lots of 100 tons.						

Sources: Reuters and London Petroleum Exchange.

London Metals

May 25

	Close Bid	Ask	Previous Bid	Ask
ALUMINUM (High Grade) Dollars per metric ton				
Spot	2165.00	2175.00	2060.00	2070.00
Forward	2015.00	2017.00	1970.00	1975.00
COPPER CATHODES (High Grade) Sterling per metric ton				
Spot	1614.00	1616.00	1609.00	1611.00
Forward	1628.00	1629.00	1626.00	1627.00
LEAD Sterling per metric ton				
Spot	414.00	415.00	411.00	413.00
Forward	402.00	402.50	399.00	399.50
NICKEL Dollars per metric ton				
Spot	12950	13050	12400	12500
Forward	12600	12650	12100	12150
SILVER U.S. cents per troy ounce				
Spot	521.00	524.00	511.00	514.00
Forward	527.00	530.00	517.00	520.00
ZINC (High Grade) U.S. Dollars per metric ton				
Spot	1625.00	1635.00	1610.00	1620.00
Forward	1575.00	1580.00	1540.00	1565.00

Source: AP.

Dividends

May 25

Company	Per	Amt	Pay	Rec
DISTRIBUTION				
Mission Resrcs Ptrs	Q	.15	7-1	6-15
INCREASED				
First Hawaiian Inc	Q	.35	6-15	6-1
First Western Fncl	Q	.09	6-30	6-2
RESUMED				
Robbins & Myers	-	.05	7-31	6-16
Robbins & Myers	Q	.05	7-31	6-16
STOCK SPLIT				
Banner Industries cl-A&B — 2-for-1				
Societe Generale De Belgique — 3-for-2				
USUAL				
Angelica Corp	Q	.19	7-3	6-15
Cato Corp	Q	.02	6-23	6-9
Dreyfus Calif Muni	M	.05½	6-20	6-6
Dreyus Muni Inco	M	.06	6-20	6-6
Dreyus NY Muni	M	.05½	6-20	6-6
Dreyus Strat Muni	M	.06½	6-16	6-7
First Ohio Bncshrs	Q	.28	6-15	6-7
Huntington Bnchrs	Q	.18½	7-3	6-12
Kansas Gas & Elec	Q	.40	6-30	6-9
NESB Corp	Q	.20	7-28	6-23
Quick Reilly Grp	Q	.06	7-3	6-1
Statewide Bancorp	Q	.30	7-15	6-20
Zemex Corp	Q	.10	6-15	6-2
Alameda Bancorp	Q	.15	7-6	6-5
Ametek Inc	Q	.15	6-30	6-16
Boston Five Bcrp	Q	.18	8-4	7-7
Bowater Inc	Q	.28	7-1	6-10
Bowne & Co	Q	.06¼	6-21	6-9
CIGNA Corp	Q	.74	7-10	6-12
EG&G Inc	Q	.17	8-10	7-21
Finevest Foods Inc	Q	.03	7-7	6-23
First United Bcshrs	Q	.25	6-30	6-9
Harleysville Group	Q	.12	6-30	6-8
Johnson Controls	Q	.29	6-30	6-9
Kay Jewelers Inc	Q	.10	6-23	6-9
Meridian Bancorp	Q	.27½	7-1	6-15
Pennsylvn Pwr & Lt	Q	.71½	7-1	6-9
Showboat Inc		.07	7-10	6-15
Star States Corp		.10	6-30	6-2
Tecumseh Products	Q	.80	6-30	6-16

Spot Commodities

May 25

Commodity	Today	Prev.
Aluminum, lb	0.9525	0.9325
Coffee, lb	1.34	1.34
Copper electrolytic, lb	1.213	1.2085
Iron FOB, ton	213.00	213.00
Lead, lb	0.35	0.35
Printcloth, yd	0.50	0.50
Silver, troy oz	5.25	5.15
Steel (billets), ton	473.00	473.00
Steel (scrap), ton	115.00	114.50
Tin, lb	6.1224	6.2047
Zinc, lb	0.85	0.85

Source: AP.

S&P 100 Index Options

May 25

Strike Price	Calls-Settle Jun	Jul	Aug	Puts-Settle Jun	Jul	Aug
[illegible]						

Est. total vol.: 17,792
Calls: Wed. volume: 10,377; open int.: 97,004
Puts: Wed. volume: 11,075; open int.: 85,226
Source: CME.

DM Futures Options

W. German Mark-125,000 marks, cents per mark

May 25

Strike Price	Calls-Last Jun	Jly	Aug	Sep	Puts-Last Jun	Jly	Aug	Sep
[illegible]								

Treasury Bonds

May 25

	Discount Bid	Offer	Yield	Prev. Yield
3-month bill	8.55	8.57	8.87	8.67
6-month bill	8.48	8.50	8.99	8.84
1-year bill	8.28	8.30	8.95	8.85
	Bid	Offer	Yield	Prev. Yield
30-yr. bond	102 6/32	102 8/32	8.66	8.65

Source: Salomon Brothers.

Busch Unit Plans Spanish Resort

Reuters

TAMPA, Florida — Busch Entertainment Corp., a subsidiary of the U.S. brewing concern Anheuser-Busch Inc., is planning to build a $300 million resort and theme park in northeastern Spain.

The company, which owns the Busch Gardens theme park here and three other parks in the United States, said that it hoped for approval of the project from the regional government of Catalonia by late June.

If approval is received, Busch Entertainment will begin construction this year and aim to complete the park before the 1992 Summer Olympics in Barcelona. Plans call for a hotel and conference center, a golf course, condominiums and retail development; two to three million visitors a year are expected.

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حيفظ صنعاء

هكذا من الأصل

BUSINESS ROUNDUP

Japan Electronics Firms Post Sharp Profit Gains

Reuters

TOKYO — Japanese electronics companies, putting the worst effects of the strong yen behind them, posted double-digit profit growth for the financial year ended in March but warned that the pace would slow this year.

In releasing their annual results on Thursday, the companies said strong income gains from microchips and from the booming domestic market drove up earnings to near or above levels set before the yen began surging in 1985.

"The results are much better than we expected even a few months ago, but the estimates for 1989-90 are a bit disappointing," said Darryl Whitten, analyst at Prudential-Bache Securities.

Stepped-up production overseas restored profitability to exports while heavy consumer and industrial spending in Japan provided the bulk of earnings, analysts said.

Business will become more difficult in the current financial year because global demand growth for electronics will slow and gains from additional rationalization will be less significant, they said.

But for microchips, greater volume and higher production yields will partially offset the smaller margins expected due to slower demand, analysts said.

Exports will yield more profit in yen than previously expected because of the recent weakening of the yen, Mr. Whitten said, adding that the companies are not advertising this fact.

"Earning projections are being low-balled with conservative yen-dollar forecasts so we're likely to see upward revisions later in the year," Mr. Whitten said.

Among the major Japanese electronics companies, Mitsubishi Electric Corp. said group net profit rose to 53.2 billion yen ($371.6 million) in the latest financial year, a 139.7 percent gain from 22.2 billion a year earlier.

Mitsubishi forecast a 20.2 percent rise in group net to 64 billion yen in the year ending March 31, 1990.

Hitachi Ltd. said group net increased by 35.7 percent to 185.5 billion yen from 136.8 billion the previous year. Hitachi said it expects group net to rise to 210 billion yen in the year ending March 31, 1990.

Sony Corp. reported a 94.6 percent rise in group net to 72.4 billion yen from 37.2 billion the previous year. Sony forecast that group net would rise to 85 billion yen in the current year.

Fujitsu Ltd.'s group net profit climbed by 66.1 percent to 69.9 billion yen, compared with 42.1 billion a year earlier, and the company forecast group net profit of about 100 billion yen in the current year.

Most of the major Japanese electronics firm also announced sharp increases in capital spending plans for the current year.

Time Sees Stock Soar On Rumor

By Geraldine Fabrikant
New York Times Service

NEW YORK — Spurred by still more takeover rumors, Time Inc. stock has jumped sharply this week.

One big factor prompting the increase was a rumor that Allen & Co., the investment banker that represents Coca-Cola Co., had put Time Inc. on its restricted list.

When a stock is placed on a restricted list, it means the firm is not allowed to initiate calls or research reports on that company because the firm may be negotiating a deal involving the company.

Herbert A. Allen Jr., chief executive, would not comment.

Time stock rose $5.50 Wednesday and added another $1.25 to close at $132 on Thursday.

The main buyer was Asiel, a brokerage house known to acquire stock for large purchasers that may be interested in a takeover. Other buyers were Salomon Brothers and Merrill Lynch Capital Markets.

Bidders rumored to be interested in the company include Gulf and Western, the Robert M. Bass Group, Cablevision and Jerry Perenchio.

For Warner's Steven Ross, Time Means Money

By Sarah Bartlett
New York Times Service

NEW YORK — Much has been made of the estimated $120 million in salary, bonus and long-term compensation that Steven J. Ross, the flamboyant chief executive of Warner Communications Inc., stands to gain over the next 10 years after his company merges with Time Inc.

But it is only upon a closer reading of his 80-odd page employment contract that the full potency of his arrangement becomes clear.

Consider the options on 1.8 million shares of stock that Mr. Ross is due to receive.

Graef S. Crystal, a leading compensation expert and professor at the University of California at Berkeley, has calculated that they have a current value of about $150 million, assuming the exercise price approximates the current market value of Time's stock, as is expected.

And then there is Mr. Ross's annual bonus, which is to equal 0.4 percent of the pretax income of the combined companies.

Compensation experts said that such a formula was extremely rare for a chief executive of a large corporation. But some additional wrinkles make Mr. Ross's situation even more unusual.

In calculating Time-Warner's pretax income, for example, depreciation or amortization resulting from acquisitions made in the future is to be excluded from the total, a step that would have the effect of increasing the base on which his percentage is applied.

Steven Ross's contract contains financial and stylistic provisions that are extremely rare. It describes his services as being of 'a special, unique, unusual, extraordinary character.'

NYT

But depreciation and amortization are to be factored back in when evaluating gains and losses from sales of assets acquired after the merger is approved.

Compensation experts said this also seemed to increase the base of pretax income from which Mr. Ross's bonus is derived.

Mr. Ross did not respond to requests for interviews, nor did the lawyer who represented him in his contract negotiations, Martin Lipton of Wachtell, Lipton, Rosen & Katz.

But a Warner spokesman said Mr. Ross's contract under the terms of the merger simply mirrored one already in place, and that, in turn, reflected the facts that he operates in the highly paid entertainment indnstry and that he built the company.

Nevertheless, some compensation experts questioned the wisdom of basing bonuses on corporate earnings.

"As a general principle, if an executive is to be given a percentage of something, it ought to be of stock-price appreciation and dividends," said Jude T. Rich, president of Sibson & Co., a New Jersey-based firm that specializes in compensation issues.

Experts pointed out that Mr. Ross's compensation would increase if he used the company's stock to make acquisitions that added to pretax earnings, even if those acquisitions had the effect of diluting shareholder value.

Mr. Ross does face some risk, however. If earnings fall below $75 million, he would not be entitled to a bonus.

To be sure, such a result would represent a steep drop from the estimated $644 million that the combined companies would have earned pretax had they merged last year, a figure that was contained in proxy materials filed Tuesday. But, if earnings were to plummet that far, Mr. Ross's contract stipulates that the board could give him a bonus anyway, if it so chose.

After the Time-Warner merger is completed, the compensation committee will consist of three directors from Warner and two from Time, with the chairman coming from Warner.

In another twist, Mr. Ross's bonus is to be paid quarterly.

The bonuses of Time's two most senior executives, J. Richard Munro and Nicholas J. Nicholas Jr., by contrast, are to be paid annually and are set at 125 percent of base salary.

Mr. Ross's contract is distinct in its stylistic as well as its financial approach. The document refers to Mr. Ross as "the executive," and contains a sentence whereby he "acknowledges that the services to be performed under this agreement are of a special, unique, unusual, extraordinary and intellectual character."

Buckmaster Pulls Out of U.K. Stocks

Compiled by Our Staff From Dispatches

LONDON — Credit Suisse Buckmaster & Moore, the London-based brokerage arm of Financière Credit Suisse-First Boston, said Thursday that it is pulling out of British equity market-making.

In the latest example of the profit squeeze still plagning the London markets, Credit Suisse Buckmaster said 70 jobs will be cut in a reorganization in which most of its activities will be assumed by a new company called Credit Suisse First Boston U.K. Ltd.

Financière Credit Suisse is a wholly owned subsidiary of Credit Suisse First Boston, whose other subsidiaries are First Boston Corp. of the United States and CS First Boston Pacific in the Far East.

Harry France, chief executive of Credit Suisse Buckmaster, said the job losses were in institutional sales, research and market-making. He said the remaining 45 staff will be absorbed into Credit Suisse-First Boston's European operations.

He said Credit Suisse First Boston U.K. will take over its options and gold-share dealing businesses and will also develop sales and research of British and continental equity markets.

A Credit Suisse-First Boston statement said the new firm will be the vehicle through which it expands its presence in British equity trading and in equity sales and research. *(Reuters, AFP)*

Foreign-Exchange Losses Hurt Honda Motor's Earnings

Compiled by Our Staff From Dispatches

TOKYO — Honda Motor Co. said Thursday that consolidated group pretax income in the financial year ended March 31 fell 5 percent to 172.08 billion yen ($1.2 billion) from the previous year, while net income fell 2.9 percent to 97.29 billion yen.

The vehicle manufacturer attributed the income drop to foreign-exchange losses; it came despite increased sales of automobiles in Japan and North America.

Mitsubishi Motors Corp., meanwhile, said parent net profit rose 26.5 percent in the year ended March 31 to 12.84 billion yen.

Honda recorded consolidated net sales of 3.48 trillion yen in the financial year ended March 31, up 7.9 percent on financial 1987.

Group operating profit was 177.06 billion yen, while group earnings per share totaled 98.48 yen. Certain comparisons were not available, since Honda is changing its financial year to March 31 from Feb. 28.

Current profit for the parent company was 89.27 billion yen, while operating profit totaled 74.15 billion yen.

Honda expects parent net profit of 47 billion yen in the year ending next March 31, down from 53.93 billion a year earlier, the company said in a statement.

It also projects current profit of 91 billion yen in 1989-90, up from 89.27 billion in 1988-89, on sales of 2.64 trillion, up from 2.64 billion. Earnings per share should fall to 49.58 yen from 56.89.

The drop in projected net profit in 1989-90 is attributed to expected growth in corporate tax in the year due to an increase in reserves for finished products and costs in case of recall, a company official said.

Mitsubishi said current profit rose to 44.07 billion yen from 40.64 billion a year earlier, while sales rose to 1.90 trillion yen from 1.75 trillion.

The company forecast that vehicle sales will rise to 1.29 million in the year to March 31, 1990 from 1.26 million.

Exports are estimated at 630,000 in 1989-90, down from 637,649 a year earlier. Domestic vehicle sales will be at 660,000, up from 626,215 in 1988-89, which was in turn a 7.6 percent rise on a year earlier.

Sales of vehicle components for overseas production, which are excluded from export figures, will be 465,000 sets in 1989/90, according to Mitsubishi.

(Reuters, AFP)

DAIWA JAPAN FUND
Société d'investissement à capital variable
2, boulevard Royal - Luxembourg
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DIVIDEND ANNOUNCEMENT

The Daiwa Japan Fund will pay a dividend of Yen 200 on May 31, 1989 to registered shareholders at the close of business May 18, 1989 and shares will be traded ex-dividend after May 18, 1989.

The dividend is payable to holders of bearer shares against presentation of coupon no. 5 to:

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The Board of Directors

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The shareholders are hereby informed that the Annual General Meeting of May 19th, 1989 has approved the payment of a dividend of

US$0,10 per share

to shares subscribed and in circulation on May 19th, 1989 payable on May 29th, 1989 against presentation of coupon nº 10. The shares are to be quoted ex-date May 24th, 1989.

The Shareholders can cash the dividend at the following bank:
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The Board of Directors

Japan's Trading Giants Post Record Profits

Reuters

TOKYO — Japan's major trading houses reported Thursday record net profits for the latest financial year, attributing the rise mainly to an increase in Japanese imports and growing domestic demand.

The Big Five houses also said the vigorous profit performance was due to persistent efforts to restructure their operations, made necessary by a substantial drop in exports that resulted from the sharp depreciation of the dollar against the yen since September 1986.

Mitsubishi Corp. reported a 26.5 percent increase in parent-company net profit, to 33.08 billion yen ($230.76 million), for the year ended March 31, against 26.14 billion yen in the previous year.

The conglomerate said current profit grew to 72.90 billion yen from 69.83 billion on sales that advanced 12.6 percent to 13.83 trillion yen from 12.28 trillion.

Parent earnings per share rose to 21.41 yen from 17.06.

Mitsubishi said it expects parent net and current profits this financial year to exceed the latest result, without giving details. But it anticipated a rise in sales to 15 trillion yen.

Sumitomo Corp. announced a more modest, 8.2 percent increase in parent net, to 27.41 billion yen for the year from 25.33 billion previously, its 11th consecutive annual increase in earnings. It said current profit rose to 55.27 billion yen from 49.11 billion on sales that grew to 14.37 trillion yen from 13.69 trillion.

Earnings per share on a parent-company basis were 34.11 yen, up from 32.26 yen in 1987-88.

Mitsui & Co. reported a 29.4 percent increase in net profit for the year, to 16.61 billion yen from 12.84 billion, but noted a fall in current profit to 54.89 billion yen from 75.61 billion. Revenue edged up to 14.83 trillion yen from 14.13 trillion.

The company said it expects parent net profit to increase to 21 billion yen in the current year, while current profit would rise to 60 billion yen and sales would grow to an estimated 15.3 trillion yen.

Parent-company earnings per share rose to 12.13 yen from 10.12.

Marubeni Corp. said it anticipated a rise in parent net profit to 16 billion yen in the current year, having reported a 53.4 percent jump in profit to 15.10 billion in the year just ended, from 9.84 billion yen the year before.

The company also forecast a current profit of 47 billion yen in 1989-90, against 46.06 billion in the year ended March 31, on sales of 14.80 trillion yen against 14.19 trillion.

C. Itoh & Co. reported a 43.7 percent jump in parent net profit, to 15.55 billion yen from 10.82 billion, while current profit rose to 50.70 billion from 42.43 billion yen on sales of 15.56 trillion yen, up from 14.92 trillion. It was not immediately known whether the company was forecasting earnings for the current year.

BANK: *Yokohama Takes a Stake*

(Continued from first finance page)

by Sumitomo Bank Ltd. of Japan.

By the end of the decade, Mr. Healey predicted, "two or three well-known merchant banks in the City will have agreed mergers with a Japanese bank, because they will not be able to survive in global competition."

Rod Barrett, a banking analyst with the Hoare Govett securities firm in London, said that while Yokohama's move set a precedent, it did not mean "that there will be a wave of Japanese bids for British merchant banks."

He said the key factor in future transactions would be whether British "managers want to play ball" with Japanese suitors.

Mr. Barrett emphasized that Guinness Mahon was a special case in which a "bank was looking for an owner." If, in future cases, management is seeking a large Japanese partner, the Bank of England would not be likely to prevent the transaction, he said.

Guinness Mahon's management, led by Geoffrey Bell, the company chairman, warmly welcomed the agreement with Yokohama.

Mr. Bell and his deputy, Lord Douro, will remain in their posts and will be joined on the board by three Yokohama representatives.

At present, there are 23 branch operations of Japanese banks in London, according to Bank of England statistics. Yokohama has maintained a branch operation in London since 1973.

JUNK: *Recession Fears Linger*

(Continued from first finance page)

ing to zero-coupon bonds. So the zero-coupon market tends to be dominated by the junkiest of junk-bond issuers.

For junk-bond buyers, the big questions remain when the next recession will come and how severe it will be. With so many more junk bonds outstanding, and many junk-bond issuers also the owners of junk bonds issued by other companies, it is possible to imagine a high default rate if a downturn is severe.

"Should evidence of a recession accumulate, we'd expect to see spreads widen further," said Mariel Clemenson, the high-yield research director at Donaldson. "But at the present time, the market has a clearly positive tone."

Junk-bond mutual funds suffered a bit in April, as investors grew nervous as the yield spread widened and some funds saw cash taken out. But Mr. McNamara said the money was now flowing in as rapidly as ever at Kemper's junk funds, arriving so fast that the managers were having a difficult time putting the cash to work.

Reader's Digest To Offer Stock

Reuters

PLEASANTVILLE, New York — Reader's Digest Association Inc., which has the highest magazine readership in the world, said Thursday its board and holders of voting stock have approved in principle a plan to make an initial public offering of nonvoting stock.

The company said at least 10 percent of total nonvoting shares would be included in the offering, which would be made entirely by existing shareholders rather than by the company itself. A substantial portion of Reader's Digest's nonvoting stock is now owned by two funds established by its founders.

The company said the balance of the nonvoting stock is held by other charitable organizations and by Reader's Digest employees.

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Amsterdam, 23 May 1989.

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FINANCIAL NEWS FROM B.A.T INDUSTRIES

Pre-tax profit £324m in first quarter

THREE MONTHS RESULTS

£1 = $1.69 at 31.3.89 ($1.81 at 31.12.88)	3 months to March 1989	3 months to March 1988	Change
PRE-TAX PROFIT	**£324m**	£277m	**+17%**
EARNINGS PER SHARE	**12.48p**	10.59p	**+18%**

- Pre-tax profit £324 million, +17% over last year's strong first quarter.
- Financial services contributed 48% to trading profit – profit mix unlikely to be reflected in full year's figures.
- Financial services profit £194 million, +£104 million. £64 million first time contribution from Farmers – Eagle Star's strong investment and underwriting performance – Allied Dunbar and Canada Trustco good progress.
- Tobacco profit £152 million, +2% – gains in most parts of the world offset by distortions and marketing investments in US domestic market. Success in cigarette export markets.
- Paper and pulp profit unchanged – good quarter for Appleton and pulp interests – weakness in Wiggins Teape's carbonless markets.
- In a quarter where retailing has little impact on Group profit, good performances from Saks, Marshall Field's and Argos.
- Strong operational cash flow continues and would be enhanced by proposed Amatil restructuring.

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The full quarterly report is being posted to shareholders and copies are available from the Company Secretary, B.A.T Industries p.l.c., Windsor House, 50 Victoria Street, London SW1H 0NL

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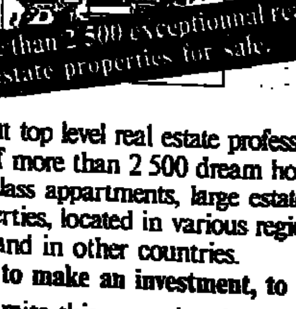

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MINEBEA: *Will the Firm Remain a Corporate Trailblazer in Japan?*

(Continued from first finance page)
panies such as Minebea, managed in many respects like one-man Confucian fiefdoms, can survive in an increasingly competitive environment.

"The late chairman was certainly the center of the Minebea group, and our development and expansion depended on Mr. Takahashi himself," said Iwao Ishizuka, Minebea's new chairman and Mr. Takahashi's right-hand man for more than 30 years. "A child without a strong father would be in big trouble, but I will now play that role."

It is not a response many analysts find encouraging. As with all but a handful of other Japanese companies, they assert, Minebea's ability to meet challenges in coming years will turn largely on whether it can develop a management style consonant with its increasingly complex businesses.

Given the record of innovation left by Mr. Takahashi, Minebea could turn out to be a textbook case in the difficulties Japanese companies face when management transitions are required. Beginning with the purchase in 1971 of a small bearings plant in Los Angeles, Minebea has made 22 acquisitions in the United States, Japan and elsewhere in Asia.

Although none of these transactions was hostile, according to company officials, Mr. Takahashi's strategy earned him and Minebea sharp attacks from other executives, who adhered to the traditional Asian belief that no one had the right to absorb an entity that stood, in effect, as a monument to its founder.

Nonetheless, takeovers have been essential to Minebea's expansion in two directions at once: It has secured its position as the world's pre-eminent bearing manufacturer, with a substantial presence overseas; and it has quickly diversified out of bearings, which are expected to account for less than 40 percent of profit three years from now. Already, bearings account for less than one-third of net sales.

"If you stick to one product, you are left vulnerable either to trade problems or to market problems," said Ryusuke Mizukame, director of corporate planning. "Once we decided to diversify, M & A had one essential attraction: When you are establishing a new business, it's like buying time itself."

In its bearing business, Minebea has spent heavily over the past seven years on facilities in Thailand that now account for 60 percent of its bearing production. With the rise of the yen, the company can produce there for a quarter of the cost in Japan.

Elsewhere, acquisitions have brought the company into businesses ranging from electromagnetic clutches and die castings to airplane propellers, compact motors and dry goods retailing. But the core of Minebea's expansion is electronics-related products — audio equipment, computer keyboards — and electronic components.

By far the most closely watched move Minebea has made in recent years has been its ambitious leap into semiconductor production in 1984. With roughly $25 million in initial capital and a technology agreement with U.S.-based IMOS Corp., NMB Semiconductor Co. has built itself into a major producer of high-quality 256K dynamic random-access memory chips, or DRAMs.

'The late chairman was certainly the center of the Minebea group, and our development and expansion depended on Mr. Takahashi himself. A child without a strong father would be in big trouble, but I will now play that role.'

Iwao Ishizuka, Minebea's new chairman

Share analysts contend that the decision was a disaster for Mr. Takahashi that is only now coming right. Minebea executives acknowledge that NMB, which now represents a $320 million investment, was launched amid a severe downturn in the global chip market; but they add that the first shipments, in October 1987, were perfectly timed.

Pretax profits at NMB grew from just under $30 million in the year ended last Sept. 30 to $36 million in the following six months. Mr. Ishizuka expects the unit to report earnings before taxes of about $70 million in the current fiscal year.

Mr. Ishizuki also acknowledged Minebea's past hiccups, chief among them a $32 million loss in the stock market after its attempt to acquire Sankyo Seiki Manufacturing Co., a music-box producer, failed several years ago. But he ardently defends Mr. Takahashi's management style, in particular his habit of making major corporate decisions at the spur of the moment.

"I have no intention of changing our strategy," Mr. Ishizuka said in an interview. "And Minebea still has a strong central figure at the top. This is fortunate."

Without reflecting negatively on Mr. Ishizuka's capabilities, financial analysts question whether it is fortunate or not. Many assert that Minebea should have put more effort into growing a generation of executives who could absorb the company's management philosophy rather than simply work under it. In this sense, Mr. Ishizuka, who, at 64, is two years senior to the late chairman, is viewed as a transitional figure.

"We saw one man bent on expansion, with no effort to develop a consensus view among executives, no bottom-up decision making," said Stephen E. Marvin, senior analyst at Jardine Fleming Securities Ltd. "The general view now is that Minebea will lose its forward momentum, because Takahashi's style was not conducive to the development of dynamic new leaders."

Mr. Marvin and other analysts point to a decision taken last week to cancel a proposed takeover of Hutchinson Technology Inc., a U.S. maker of precision machines.

Salomon Brothers Settles Allegations of Short-Selling

Compiled by Our Staff From Dispatches

NEW YORK — Salomon Brothers Inc. and the Securities and Exchange Commission have settled allegations that the brokerage violated laws governing short-selling during the 1987 market collapse and failed to promptly provide its books for inspection, the SEC said Thursday.

Without admitting or denying guilt, Salomon agreed to be censured and to establish procedures to prevent short-selling violations in the future. It will not pay a fine.

Salomon is one of the biggest U.S. investment firms and the first to be implicated for short-sale abuses that many on Wall Street have privately said aggravated the spectacular drop in stock prices on Oct. 19, 1987, when the Dow Jones industrial average tumbled 508 points.

Short-selling is the sale of borrowed stock, used as a strategy by investors who believe the price of a stock will decline. Under rules governing short sales, the strategy cannot be used when a stock price already is falling.

"I view this as a signal to the securities industry that they had better start to improve their compliance," said Lawrence Iason, the SEC's New York regional administrator. "If they don't, penalities in the future will be more severe."

Robert Salomon, spokesman for the company, was unavailable for comment.

While the short-selling allegations are serious, it is particularly unusual for the SEC to admonish a securities firm for failing to respond quickly to its investigation, experts say.

According to the SEC, Salomon made 70 short sales for its own account throughout the 1987 collapse. The sales involved 300,000 shares of stock in 19 New York Stock Exchange companies and carried a market value of $12.5 million.

"Those sales were executed in a declining market at a price below the last different reported price for that security on the NYSE," the SEC said.

A spokesman said Salomon brokers own and run their own individual investment books. "No Salomon trader sold on a downtick," he said.

Under SEC rules, if a broker-dealer is net short in a security then any sale of a security must be marked as a short sale and may not be effected on a downtick: that is, a price below the last different reported price on the exchange.

Mr. Iason could not comment on how much profit Salomon had made from the sales. The 19 companies whose stocks were involved were not identified.

Short selling was widely abused after the Crash of 1929 by speculators who would relentlessly gang up on a target company, spreading lies about it to drive down the stock price.

Such abuses led the NYSE to implement the short-sale rule, also known as the uptick rule, which theoretically prevents short sellers from mercilessly depressing a stock price.

Under the rule, a short sale may be executed only if the previous sale moved the stock up at least 18 point, or one "tick." But there are strategies for sidestepping this rule.

Mr. Iason could not comment on whether other firms are being investigated for similar violations.

To prevent further abuses, Salomon agreed that semi-annual reviews of its short-sale compliance procedures be conducted by a senior internal auditor and an independent certified public accounting form or outside legal counsel. *(AP, Reuters)*

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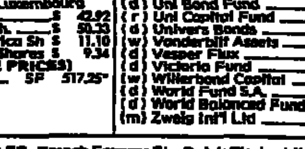

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(w) Al-Mal Trust, S.A.	$	298.09
(r) Managed Currency	$	1094.13
(r) Futures	$	789.54
(w) Equity	$	969.27
(w) Bond	$	976.89
ALPHA ASSET MANAGEMENT LTD.		
(m) Alpha Global Fund	$	598.43
(w) Nicholas-Applegate Aurelia.	$	123.64
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(d) Baerbond	SF	972.00
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(d) Equibaer America	$	1425.00
(d) Equibaer Europe	SF	1561.00*
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(r) Multicurrency Ecu	ECU	1,144.75
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(w) Interbond Fund	$	182.17
(w) Intercurrency US$	$	10.42
(w) Intercurrency DM	DM	30.22
(w) Intercurrency Sterling	£	10.39
(w) Intercurrency Managed	$	10.55
(w) Interequity French Offer	$	13.35
(w) Interequity Pacific Offer	$	18.44
(w) Interequity N. Amer. Offer.	$	12.30
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Share Distributor Guernsey 0481 26614		
(w) Int'l Equity Fund (Sicav)	$	10.96
(w) Int'l Bond Fund (Sicav)	$	9.72
BANQUE INDOSUEZ		
(w) Asian Growth Fund	$	38.11
(w) Asian Income Fond	$	9.82*
(w) Diverbond	SF	84.95
(w) FIF-Internat. Div.A	$	17.17
(w) FIF-Internat. Div.B	$	17.86
(w) FIF-Internat.America	$	15.46
(w) FIF-Internat.Pacific	$	45.91
(w) FIF-Internat.Europe	$	26.10
(w) FIF-Internat.Japan	Y	1,204.00
(w) FIF Int. Nat. Res. A	$	10.97
(w) FIF Int. Nat. Res. B	$	10.91
(w) France International	$	101.08
(w) France Blue chips No 1	FF	109,420.09
(w) Indosuez Multibonds Div.A	$	131.17
(w) Indosuez Multibonds Div.B	$	273.71
(w) Indosuez Multibonds US$	$	107.76
(w) Indosuez Multibonds YEN	$	9,935.00
(w) Indosuez Multibonds DM	$	102.95
(w) IPNA-3	$	1120.00
(w) Malacca Fund	$	10.83
(w) The Siam Fund	$	15.56
(w) Pacific Gold Fund	$	11.76
BANQUE PRIVEE E. DE ROTHSCHILD		
(b) Cursitor BP Fixed Inc.Fund	DM	106.87
(b) Cursitor BP General Fund	DM	134.16
(w) Daiwa Lcl Equity	$	991.50
(w) Daiwa Lcl Int. Bond	$	1078.58
(b) Eagle Fund	LF	10183.00
(w) Ecu D'Or	ECU	94.70
(b) Governm. Sec. Fund*	$	74.26
(w) Leicom	$*	2294.32
(b) Opportunities Fund	$	783.93
(b) Pritrop fund	DM	48.02
(b) Prifirst	$	501.11
(b) Pri-Tech	$	1145.88
(w) Rente Plus	BF	28931.00
(b) Select. Horizon Dev.	FF	25712.52
(t) Select. Horizon FF	FF	55792.52
(b) Source Sicav	$	10.99
(b) Star Conv.Fund FL	FL	9885.00
(b) Star Conv.Fund USD	$	97.56
BANQUE SCANDINAVE EN SUISSE-GENEVA		
(w) BSS Bond Fund	SF	82.10*
(w) BSS Intelsec.	SF	1878.72
(w) BSS Int'l Bond	$	1.17*
(w) BSS Int'l Equity	$	2.085
B.F.A.C.M.		
(w) Ecu Multiplacement	ECU	1158.27
BROADGATE INTERNATIONAL FUND		
(d) $ Money Market	$	12.19
(d) Non-$ Money Market	DM	30.01
(w) $ Bond	$	12.48
(w) Non-$ Bond	DM	31.10
(w) Global Equity	$	14.19
(w) Global Bond	$	12.89
(w) Global Bond & Equity	$	13.72
(w) Pac. Mgd./Min. Sec.	$	6.27
B.W MANAGED ASSETS CY, SICAV		
(t) Global Bond Fund	ECU	10.92
(t) European Securities Fund	ECU	12.09
(t) French Securities Fund	FF	115.95
(t) North American Secu.Fund	$	10.73
(t) Pacific Basin Secu. Fund	$	9.72
CAISSE CENTRALE DES BANQUES POP.		
(d) Fructilux-Obl.FSES	FF	5,584.59
(d) Fructilux-Obl.Euro	ECU	1,036.15
(d) Fructilux-Act.Fses	FF	6,927.01
(d) Fructilux-Act.Euro	ECU	1,178.39
(d) Fructilux-Tresorier	FF	5,592.37
CALLANDER		
(w) Callander Emer. Gr.	$	112.80
(w) Callander Fund-Asset	$	102.51
(w) Callander Fund-Span.	Ptas	10,602
CAPITAL INTERNATIONAL		
(w) Capital Int'l Fund	$	87.72*
(w) Capital Italia SA	$	32.55
CDC INTERNATIONAL		
(w) CFI Court Terme	FF	113870.43
(w) CFI Long Terme	FF	1126730.06
CIC GROUP		
(d) Oblicic Monetaire	FF	11136.33
(d) Oblicic Court Terme	FF	11461.53
CITICORP INVESTMENT BANK (Lux.)		
POB 1373 Luxembourg Tel. 477.95.71		
(d) Citicur USD Portfolios	$	1369.43
(d) Citinvest Ecu Income	ECU	1287.05
(d) Citinvest Manag. Growth	$	1145.28
(d) Citi.Mana.Growth Euro	ECU	1043.76
(d) Citinvest Profit Sharing	$	928.68
(d) Citinvest Selector	$	874.70
(d) Citinvest Guardian	$	1041.34
(d) Citinvest Guardian Euro	ECU	1077.43
(d) Citiport N.A Equity	$	131.81
(d) Citiport Jap. Equity	Yen	10979.00
(d) Citiport UK Equity	£	116.46
(d) Citiport S.Asian Eq.	$	125.37
(d) Citiport Cont.Euro. Eq.	ECU	122.53
(d) Citiport N.A.S Bond	$	107.05
(d) Citiport Euro Bond	ECU	102.81
(d) Citiport AS.Pac.Bd.	YEN	10456.00
CITITRUST		
(w) US. $ Equities	$	211.25503
(w) US. $ Bonds	$	11.67049
(w) US. $ Money Market	$	12.18171
(w) Global Equities	$	9.89000
(w) Global Money Market	$	11.27000
(w) Global Bonds	$	11.19000
CCF - GAMMA		
(w) CM Actibonds	$	35.79
(w) CM Global Growth	$	11.34
(w) CM North Amer Grth	$	9.09
(w) Elysees Court Terme	FF	57,222.55
(w) Elysees Long Terme	FF	53,736.27
(w) Elysees Monetaire	FF	58,222.43
(w) Elysees Multibonds Funds	£	186.74
(w) EMF D-Mark (A&B)	DM	1,003.37
(w) EMF Ecu (A & B)	ECU	1,014.16
(w) EMF US Dollar (A & B)	$	1,042.23
(w) EMF Yen (A & B)	YEN	100,029.00
(d) Europe Prestige Fund A	ECU	10.33
(d) Europe Prestige Fund B	ECU	10.85
(w) European Smlr Cos. Fd.A	ecu	13.10
(w) European Smlr Comp.Fd.B	ecu	13.10
CODEVALOR SICAV		
(w) C.Rendement Fr.Suisse	SF	1873.02
(w) C.Rendement US$	$	1407.18
(w) C.Croissance Dollar	$	1473.97
(w) C.Croissance Zone Sterling	£	990.13
COMPASS INTL HOLDINGS Ltd.		
POB 455, Jersey 0534 27267		
(w) Bond:Dollar Medium Term	$	10.69
(w) Bond:Ecu Multicurrency.	ECU	10.09
(w) Equity:United Kingdom	£	11.54
CREDIT SUISSE (ISSUE PRICES)		
(d) CSF Bonds	SF	81.00
(d) Bond Valor Swf	SF	100.90
(d) Bond Valor US-DOLLAR	$	119.46
(d) Bond Valor D-mark	DM	110.72
(d) Bond Valor Yen	Y	10,827.00
(d) Bond Vaor £ Sterling	£	100.49
(d) Convert Valor Swf	SF	154.20
(d) Convert Valor US-DOLLR	$	168.93
(d) CSF International	SF	142.75
(d) Actions Suisses	SF	551.50
(d) Europa-Valor	SF	225.75
(d) Energie-Valor	SF	168.25
(d) Canasec	SF	676.00
(d) Ussec	SF	820.00
(d) Pacific-Valor	SF	251.25
(d) CS Gold Valor	$	136.46
(d) CS Ecu Bond A	ECU	100.71
(d) CS Ecu Bond B	ECU	115.38
(d) CS Europa Bond 'A'	DM	249.53
(d) CS Europa Bond 'B'	DM	249.53
(d) CS Gulden Bond A	FL	98.64
(d) CS Gulden Bond B	FL	109.70
(d) CS Prime Bond 'A'	DM	94.54
(d) CS Prime Bond 'B'	DM	102.02
(d) CS Short-T. Bd DM A	DM	99.16
(d) CS Short-T. Bd DM B	DM	109.49
(d) CS Short-T. Bd $ A	$	98.93
(d) CS Short-T. Bd $ B	$	111.92
(d) CS Money Market Fund	$	1380.28
(d) CS Money Market Fund	DM	1212.64
(d) CS Money Market Fund	£	1449.30
(d) CS Money Market Fd Yen	Y	114,477.00
DIT INVESTMENT FFM		
+(d) Concentra	DM	37.76
+(d) Int'l Rentenfond	DM	80.69
DREXEL BURNHAM LAMBERT INC		
Winchester House, 77 London Wall		
LONDON EC2 (01 9209797)		
(w) Finsbury Group Ltd	$	161.52
(w) Winchester Capital	$	105.56
(w) Winchester Holdings	FF	140.75
(w) Winchester Holdings	$	14.67
(w) Winc.Holdings Ltd.E.B.S	ECU	1144.39
(w) Winc.Reserves.E.B.S	ECU	1098.56
(w) Winc.Reserv.MultiGvBd.	ECU	11.65
(w) Worldwide Securities	$	32.47
(w) Worldwide Special	$	746.45
(m) Winch Fut.Diversified	$	18.28
(m) Winch Fut.Orion Series	$	21.41
(m) Winchester Frontier	$	176.22
(m) Winchester Recovery Ltd	$	91.50
ESC TRUST CO.(JERSEY) LTD.		
1-3 Seale St.,St. Helier:0534-36331		
ESC AMRO TRADED CURRENCY FUND.		
@(d) Inc.: Bid. $ 13.32* Offer.	$	13.729*
@(d) Cap.: Bid. $ 19.00 Offer.	$	19.580
INTERNATIONAL INCOME FUND		
(d) Short Term 'A' (Accum)	$	1.1290
(d) Short Term 'A' (Distr)	$	0.7335
(d) Short Term 'B' (Accum)	$	1.2599
(d) Short Term 'B' (Distr)	$	0.9692
(w) Long Term	$	28.38*
ELDERS SECURITIES INC.		
W. Rafter. (212) 573-0440		
(d) EFF	$	325.34
(d) ESP	$	138.86
(d) EMR	$	100.00
ELDERS SWITZ.(028) 3479 79		
(w) Elders Int Bid SF 106.75 Offer	SF	113.25
(w) Elders Aus Bid A$ 90.00 Offer	A$	95.25
EQUIFLEX LIMITED		
(w) Europa A	FL	11.72
(w) Global A	FL	12.61
(w) North America A	FL	11.13
(w) UK Equities	£	10.42
(w) UK Small Co.	£	10.69
EURO PACIFIC ADVISERS Ltd.		
(w) Comete	$	240.16
(w) Meteore	Y	121,388.00
(w) Pacific Horizon Invt. Fd	$	1910.35
F&C MGMT. LTD. INV. ADVISERS		
1, Laurence Pounty Hill, EC4. 01-623-4680		
(w) F&C Atlantic	$	19.06
(w) F&C European	$	34.42
(w) F&C Oriental	$	84.51
(w) F&C N. American M C Fd	$	9.33
(w) F&C Nordic Fund	$	11.47
FIDELITY INT'L INV. MGMT (LUX.) S.A.		
(d) New Europe Fund	$	9.49
(d) Fidelity Conv. Sec. Portf.	$	9.65
FIDELITY POB 670, Hamilton Bermuda		
(m) Fid. Amer. Val.II Com.	$	101.47
(m) Fid. Amr.Val.II Com.Pref.	$	101.50
(m) Fid. Amer. Val.III Com.	$	55.99
(m) Fid. Amr.Val.III Cum Pref.	$	101.63
(d) Fidelity Amer. Assets	$	122.42*
(d) Fidelity Australia Fund	$	15.64
(d) Fidelity Dir. Svgs.Tr.	$	161.24
(d) Fidelity Pacific Fund	$	298.04
FIDELITY INT'L SERVICE (LUX.)		
(d) Balanced Portfolio-hedged	$	10.85
(d) Balanced Portfolio-unhedg	$	11.12
(d) Fidelity Discovery Fund	$	12.08
(d) Fidelity Far East Fund	$	21.93
(d) Fidelity Frontier Fund	$	21.48*
(d) Fidelity Global Ind. Fd	$	12.27
(d) Fidelity Global Selct Fd	$	17.72
(d) Fidelity Int'l. Fund	$	12.98
(d) Fidelity Orient Fund	$	90.41
(d) Fidelity Sect. Growth Fd.	$	32.59
(d) Fidelity World Fund	$	48.09
FIDELITY PERFORM PORTFOLIOS LTD.		
(d) American Portfolio	$	1.00
(d) European Portfolio	$	1.41
(d) Japan Portfolio	$	1.33
(d) South East Asian Portfolio	$	0.95
(d) U.K. Portfolio	$	1.09
(d) World Bond Portfolio	$	0.95
(d) Global Conv. Portfolio	$	0.95
(d) Intl. Equity Income Pftl.	$	1.01
(d) Recovery Portfolio	$	1.04
(d) Sterling Liquidity Pftl.	£	10.53
(d) Dollar Liquidity Portfolio	$	10.34
(d) Hard Curr. Liquidity Pftl.	$	8.59
FOKUS BANK A.S. 472 428 555		
(w) Scanfonds Int'l growth fd	$	1.47
FORBES PO 887 GRAND CAYMAN		
London Agent 01-839-3013		
(w) Forbes High Inc. Gilt Fd	£	47.90
(w) Gold Income	$	4.03
(w) Gold Appreciation	$	3.48
GAIA CURRENCY HEDGE FUNDS		
(w) Gaia Hedge I	$	92.39
(w) Gaia Hedge II	$	148.86
GAM ANLAGEFONDS AG		
POB 164, 8034 Zurich Tel.41-1-2516640		
(w) GAM (CH) America	SF	1246.00
(w) GAM (CH) Mondial	SF	1322.00
(w) GAM (CH) Pacific	SF	1820.00
GARTMORE FUND MANAGERS INT.		
45,La Motte Street, JERSEY 0534 27301		
CAPITAL STRATEGY FD. LTD.		
(d) Sterling Deposit	£	1.030
(d) US$ Deposit	$	1.021
(d) DM Deposit	DM	5.063
(d) Yen Deposit	Y	502.00
(d) Sw. Fr. Deposit	SF	5.059
(d) Austr.Dollar Dep. fd	A$	1.036
(d) French Franc Deposit fd	FF	10.17
(d) N. American	$	1.57
(d) Japan	Y	661.00
(d) Pacific Basin	Y	327.00
(d) International growth	$	2.75
(d) British	£	2.14
(d) Sterling Gilt	£	1.07
(d) International Bond	$	1.15
(d) Yen Convertible bond	Y	2966.00
(d) European Fund	DM	5.33
(d) E.C.U. Fund	ECU	0.96
(d) Australasian fund	$	0.33
(d) Canadian	Can$	0.89
(d) Emerging Markets Fund	$	1.20
(d) Global Resources Fund	$	0.74
GEFINOR FUNDS		
London:01-499171, Geneva:41-22355530		
(w) East Investment Fund	$	984.83
(w) Scottish World Fund	£	203.0591
(w) State St. American	$	200.28
GENERALE BANK		
(see also Interselex Group)		
(d) Rentinvest	$	25.40*
(d) Capital Rentinvest	$	109.96
(d) Rentinbel Distr.	LF	9,848.00*
(d) Rentinbel Cap.	LF	10,485.00
GLOBAL ASSET MANAGEMENT CORP.		
11 Athol St.Douglas,I. of Man.44-624-26037		
(w) Futurgam S.A.	$	181.61
(w) GAM Arbitrage Inc	$	126.60
(w) GAMerica Inc	$	232.73
(w) GAM Australia Inc.	$	135.85
(w) GAM Boston Inc	$	164.44
(w) GAM Ermitage	$	25.93
(w) GAM European Inc.	$	103.20
(w) GAM Franc-Val Inc.	SF	247.01
(w) GAM France Inc	FF	1342.79
(w) GAM Global Fund	$	107.47
(w) GAM High Yield Inc.	$	107.81
(w) GAM Hong Kong Inc.	$	212.22*
(w) GAM International Inc.	$	139.58
(w) GAM Japan Inc.	$	382.37
(w) GAM Money Mkts. Fund	$	104.02*
(w) GAM Money Mkts. Fund	£	105.14*
(w) GAM Money Mkts. Fund	SF	102.00*
(w) GAM Money Mkts. Fund	DM	102.94*
(w) GAM Money Mkts. Fund	Y	10,132.00*
(w) GAM Pacific Basin Fund	$	115.12
(w) GAM Pacific Inc	$	442.89
(w) GAM Restr. Fd. Inc.	$	160.06*
(w) GAM Singapore/Malay Inc.	$	175.47
(w) GAM Swiss Fr Spec Bond Fd	SF	101.19
(w) GAM Value Inc.	$	104.73
(w) GAM Worldwide Inc	$	410.98
(w) GAM Tyche S.A. Class A	$	176.62
(w) GAM U.S. Inc.	$	142.04
(w) GAM Whitethorn Fund Inc.	$	124.51
(w) GAM ot Inc.	$	234.31
(w) GSAM Composite Inc.	$	297.82*
(w) GSAM Int. Inc. U.S Ord.	$	111.48*
(w) GSAM Int. Inc.U.S Spe.	$	123.02*
(w) GSAM Interest Inc.	SF	98.42*
(w) GSAM Interest Inc.	£	103.67*
(w) GSAM Interest Inc.	DM	95.76
(w) GSAM Interest Inc.	Y	11,955.00*
G.T. MANAGEMENT PLC		
(r) G.T. Applied Science	$	14.58
(d) G.T. ASEAN Fund	$	39.26
(d) G.T. Asia Fund	$	12.42*
(d) G.T. Australia Fund	$	28.12*
(d) G.T. Berry Japan Fund	$	32.60*
(w) G.T.Biotechn./Health Fund	$	8.75
(d) G.T. Bond Fund	$	14.42*
(d) G.T. Britain Fund	$	8.32
(d) G.T. Deutschland Fund	$	9.90
(d) G.T. Dollar Fund	$	19.65*
(d) G.T. Europe Fund	$	27.42
(d) G.T. Euro. Small Cos. Fund	$	28.37
(d) G.T.Global Small Cos.Fund	$	12.83
(d) G.T.Global Technology Fd.	$	18.00*
(d) G.T. Hong Kong Fund	$	26.48*
(d) G.T. Honshu Pathfinder	$	9.33
(d) G.T. Investment Fund	$	10.58
(w) G.T. Japan Smi Co.Fd	$	10.78*
(d) G.T. Nat Res. Fd Gold Class	$	6.09
(d) G.T. Newly Ind. Countr. Fd	$	28.41
(d) G.T. Select Dollar Bd Pft	$	9.17
(d) G.T. Select Int Bd Pft.	$	9.67*
(d) G.T. Select Gilt Pft.	£	8.75*
(r) G.T. Technology Fund	$	34.18
(d) G.T. U.K. Small Companies	$	10.28
(d) G.T. Univ.Growth Fund	$	10.04
(w) G.T. U.S. Small Companies	$	12.33
HILL SAMUEL INVEST. MGMT. INTL. S.A.		
Jersey, P.O. Box 63, Tel 0534 76029		
Berne, P.O. Box 2622, Tel 4131 224051		
(d) Crossbow (Far East)	SF	19.37
(d) CSF (Balanced)	SF	30.82
(d) European Equity Fund	DM	16.83
(d) Intnl. Bond Fund	$	12.72
(d) Int. Currency U.S.Manag'd	$	24.98
(d) ITF Fd (Technology)	$	19.75
(d) O'Seas Fd (N. AMERICA)	$	46.86
(d) Int. Currency U.S.	$	32.31
IAM, 2 Bd. Royal LUXEMBOURG		
(d) Iam Flagship Fund	ECU	87.13
(w) Iam Bonds Fund-France	FF	547.12
(w) Iam Bonds Fund-Deutschl	DM	217.88
(w) Iam Bonds Fund-Japan	Y	11,030.00
(w) Iam Bonds Fund-Switz.	FS	205.45
(w) Iam Bonds Fund-U.S.A	$	108.84
(w) Iam Bonds Fund-Europe	ECU	111.53
(w) Iam Bonds Fund-Netherl.	FL	211.76
INTERSELEX GROUP		
(d) Int.America Fund	$	15.83
(d) Int.Belga Fund	LF	3209.00
(d) Int.Europa Sicav	LF	6401.00
(d) Int.Pacific Fund	$	1269.42*
(d) Int.World Fund	$	99.64*
ISLAMIC MGMT FUND LTD	$	1016.57
CSFB Fund Mgmt Ltd (0481-713996)		
PB122 St. Peter Port,Guernsey		
JARDINE FLEMING,GPO Box 11448 Hg Kg		
(d) J.F Japan Trust	Y	15,438.00
(d) J.F Pacific Sec. Trust	$	27.44
(d) J.F Pacific Income Trust	$	85.59
(d) J.F Hong Kong Trust	$	69.32
(d) J.F Eurasean	$	9.43
(d) J.F International	$	13.27
(d) J.F Gib Convertibles Trust	$	10.66
LLOYDS BANK PLC. POB 438, Geneva 11		
Mrs. C. Bertoletti,(22) 208611/ext. 2222.		
+(w) Lloyds Int'l Dollar	$	111.20
+(w) Lloyds Int'l Europe	SF	183.90
+(w) Lloyds Int'l Growth	SF	241.70
+(w) Lloyds Int'l Income	SF	286.50
+(w) Lloyds Int'l N. America	$	153.10
+(w) Lloyds Int'l Pacific	SF	265.50
+(w) Lloyds Int'l. Smaller Cos	$	17.74
MAN INTERNATIONAL FUTURES		
(m) Mint Limited - Ordinary	$	37.52
(m) Mint Limited - Income	$	13.93
(m) Mint Gtd Ltd - Spec Issue	$	18.07
(m) Mint Gtd Ltd - Series A	$	19.62
(m) Mint Gtd Ltd - Nov 1993	$	17.22
(m) Mint Gtd Ltd - Jan 1994	$	13.54
(m) Mint Gtd Ltd - Dec 1994	$	11.94
(m) Mint Gtd Ltd - Aug 1995	$	9.61
(m) Fome Mint Gtd Plc	$	107.31
(m) Mint Sp Res Ltd (BNP)	$	94.15
(m) Newcastle Guaranteed Ltd	$	10.07
MAGNUM FUTURES FUND LTD.		
(m) Sterling Class	£	4.91
(m) U.S Dollar Class	$	9.73
MERRILL LYNCH		
(d) Dollar Assets Portfolio	$	1.00
(d) First Convertible Sec. Fd	$	11.47
(d) Iberia portfolio	$	10.57
(d) Multi-Curr. Bond Portfolio	$	12.74
(d) U.S.A Income Portfolio	$	9.13
(d) US Federal Securties	$	9.61
(d) World Nat Res Pft. Share A.	$	9.97
(d) World Nat Res Pft. Share B.	$	9.94
MIM BRITANNIA,POB 271, St. Helier, Jersey		
(d) Int.High Income	$	2.444
(d) Dollar Man.Curr	$	14.59
(d) Dollar Man. Port	$	2.110
(d) Sterling Man.Port	£	1.804*
(d) Pioneer Markets	£	2.844*
(d) U.K. Growth	£	1.862
(d) Amer. Inc. & Growth	$	1.389
(d) Gold & Prec. Metals	$	0.909
(d) Sterling Man. Curr.	£	17.44
(d) Japan Dollar Perf. Fd	$	4.167
(d) Jersey Gilt	£	0.1851*
(d) Okasan Global Strat	$	16.27
(d) Asia Super Growth Fund	$	12.30
NIMARBEN		
(w) Class A	$	139.04
NMB BANK,PO 1800,1000 BV Amsterdam.		
(w) The Brazil Fund	$	3.61
(w) NMB Dutch Fund	FL	36.10
OBLIFLEX LIMITED		
(w) Multicurrency	$	19.74
(w) Dollar Medium Term	$	15.50
(w) Dollar Long Term	$	14.60
(w) Japanese Yen	$	25.68
(w) Pound Sterling	£	15.13
(w) Deutsche Mark	DM	12.56
(w) Dutch Florin	FL	12.69
(w) Dutch Florin Multi.	FL	10.58
(w) Swiss Franc	SF	10.58
(w) Swiss Multicurrency	SF	12.64
(w) European Currency	ECU	13.78
(w) Convertibles	$	10.68
(w) Swiss Multi-dividend	SF	10.75
NOMURA INVEST BANKING (M.E) E.C.		
(d) Nomura Gulf Fund	$	10.00
PARIBAS-GROUP		
(d) Belux Fund	LF	10,806.00
(d) Cortexa International	$	127.75
(d) Ecupar	ECU	1,353.40
(d) Far East Growth Fund	$	150.43
(d) Luxor	$	8.45
(d) Moneyflow	$	10,042.08
(d) Parsurope Growth	$	19.42
(d) Parinter Fund	$	218.72
(d) Par US Treas. Bond 'CL B'	$	145.31
(d) Europhenix	FF	1,313.23
(d) Parinter Bond Fund	$	13.19
(d) Paribas-Rente 'A'	LF	1,311.80
(d) Paribas-Rente 'B'	LF	1,412.00
(d) Obli-Franc	FF	1,191.63
(w) Obli-DM 'A'	DM	1,209.76
(w) Obli-DM 'B'	DM	1,276.93
(w) Obligestion	SF	88.65
(w) Obli-Dollar 'A'	$	1,164.24
(w) Obli-Dollar 'B'	$	1,240.01
(w) Obli-Yen 'A'	Y	108,959.00
(w) Obli-Yen 'B'	Y	115,025.00
(w) Obli-Gulden 'A'	FL	1,038.04
(w) Obli-Gulden 'B'	FL	1,097.48
(w) Parsuisse	SF	1,433.75
(w) Parlapon	Y	3,828.00
PERMAL GROUP		
(m) Drakkar Growth	$	1925.49
(m) Nascal Ltd	$	1226.31
(m) Select Equities Ltd	$	938.80
(m) Special Opportunities Ltd	$	1639.43
(m) Updyke Ltd	$	256.85
(m) Value N.V.	$	2033.52
PIERSON,HELDRING & PIERSON N.V.		
POB 243,1000 AE Amsterdam (20-211188)		
(w) Asia Pac. Growth Fd N.V.	$	37.54
(w) DP Amer. Growth Fd N.V.	$	25.01
(w) DP Energy Resources.	$	37.22
(w) Europe Growth Fund N.V.	FL	56.70
(w) Japan Diversified Fund	$	55.83
(w) Leveraged Cap Hold	$	322.98
(w) Tokyo Pac. Hold. N.V.	$	260.66
PUTNAM		
(d) Emerging Hlth Sc. Trust	$	15.53
(w) Putnam Em. Info. Sc. Tr	$	13.29
(d) Putnam Int'l Fund	$	10.27
ROBECO GROUP		
POB 973, Rotterdam (10-4650711)		
(d) Robeco	FL	106.40
(d) Rolinco	FL	106.10
(d) Rorento	FL	61.30
(d) Rodamco	FL	165.30
ROTHSCHILD AST.MGT.		
(w) Tokyo Pac. Hold. (Sea)	$	190.20
ROYAL B. CANADA,POB 246,GUERNSEY		
+(w) RBC British Fund Ltd.	£	5.93*
+(w) RBC Canadian Fund Ltd.	C$	14.51*
+(w) RBC European Fund	$	11.45
+(w) RBC Far East&Pacific Fd.	$	39.09
+(w) RBC Int'l Capital Fd	$	51.82
+(w) RBC Int'l Bond Fund Ltd.	$	11.93
+(d) RBC Man.Currency Fd	$	38.34
+(w) RBC North Amer. Fd	$	15.13
ROYAL TRUST ASSETMIX FUND		
Lux.Tel: (352)488061		
EQUITY FUNDS		
(d) Alpha UK	£	1.15
(d) Alpha US$	$	1.23
(d) Alpha Worldwide	SF	5.74
(d) Alpha Japanese	Y	1050.00
(d) Alpha Pacific Rim	$	1.08
(d) Alpha European	ECU	1.06
(d) Gold Share	$	0.92
BOND FUNDS		
(d) Sterling Pound	£	108.43
(d) US$ Bond	US$	103.92
(d) Deutschmark Bond	DM	49.97
(d) Alpha Worldwide	SF	55.40
RESERVE FUNDS		
(d) Sterling Reserve	£	10.598
(d) US$ Reserve	$	10.361
(d) Deutschmark Reserve	DM	10.197
SHEARSON LEHMAN HUTTON		
(d) Oporto Growth Fund	$	10.375
(d) Offshore Multiple Opps.	$	10.50
OFFSHORE PORTFOLIOS (OP)		
(d) OP Global balanced	$	10.26
(d) OP Precious Metals	$	8.29
(d) OP Global Bond	$	9.79
(d) OP US Share	$	11.85
(d) OP Global Equity	$	11.17
(d) OP Pacific Equity	$	10.81
(d) OP Euro Equity	$	11.13
(d) OP US Govt Securities	$	10.27
(d) OP Global Money Market	$	9.62
(d) OP US Money Market	$	10.00
INTERNATIONAL PORTOFOLIOS (IP)		
(d) IP Global Balanced	$	10.82
(d) IP Precious Metals	$	8.48
(d) IP Global Bond	$	10.20
(d) IP US Share	$	11.52
(d) IP Global Equity	$	11.46
(d) IP Pacific Equity	$	11.72
(d) IP Euro Equity	$	11.24
(d) IP US Govt-securities	$	10.82
OFFSHORE SHORT-TERM INVEST. (OSI)		
(d) OSI Deutsche Mark	$	8.27
(d) OSI Japanese Yen	$	8.52
(d) OSI Pound Sterling	$	8.50
(d) OSI US Dollar	$	1.00
(d) OSI Managed Currency	$	10.32
(d) OSI Canadian Dollar	$	10.71
SKANDIFOND		
SKANDINAVISKA ENSKILDA BANKEN		
(w) Equity Intl Acc	$	10.54
(w) Equity Intl Inc	$	9.85
(d) Equity Global	$	0.96
(w) Equity Far East	$	1.01
(w) Equity Gold	$	0.81
(w) Equity Japan	Y	119.00
(d) Equity Nordic	$	1.05
(d) Equity U.K.	£	1.10
(d) Equity Continental Europe	$	0.96
(d) Equity Mediterranean	$	1.00
(d) Equity North America	$	1.09
(w) Bond Intl Acc	$	7.40
(w) Bond Intl Inc	$	6.118
(w) High Income Acc	$	8.97
(w) High Income Inc	$	0.98
(d) DEM	DM	0.98
(w) Multicurrency	$	1.0260
(d) FRF	FF	1.01
SOCIETE GENERALE GROUP		
(w) Sogelux Fund		
(w) Sogelux Bonds A	$	11.28
(w) Sogelux Bonds B	DM	21.44
(w) Sogelux Bonds C	FF	84.73
(w) Sogelux Bonds D	SF	20.00
(w) Sogelux Bonds E	£	7.98
(w) Sogelux Bonds F	Y	1632.00
(w) Sogelux Bonds G	ECU	11.33
(w) Sogelux Bonds H	$	10.92
(w) Sogelux Bonds J	BF	543.00
(w) Sogelux Equities K	$	11.19
(w) Sogelux Equities L	ECU	11.30
(w) Sogelux Equities M	YEN	1593.00
(w) Sogelux Equities P	$	10.69
(w) Sogelux Equities Q	$	9.64
(w) Sogelux Equities R	$	10.94
(w) Sogelux Short Term S	FF	109.13
(w) Sogelux Short Term T	ECU	10.70
SODITIC ASSET MANAGEMENT INC.		
(w) SAM Diversified Inc.	$	101.20
SVENSKA HANDELSBANKEN S.A.		
146 bd de la Petrusse,L-2330 Luxembourg		
(b) SHB Bond Fund	$	42.92
(w) Svenska Select.Fd Intl Sh.	$	50.33
(w) Svenska Select.Fd America Sh	$	11.10
(w) Svenska Select.Fd Asia Shares	$	9.34
SWISS BANK CORP. (ISSUE PRICES)		
(d) AmericaValor	SF	517.25*
(d) AngloValor	£	188.13
(d) Asia Portfolio	SF	444.45
(d) Convert Bond Selection	SF	101.15
(d) Dollar Bond Selection	$	132.87*
(d) D-Mark Bond Selection	DM	115.16*
(d) Ecu Bond Selection	ECU	100.61*
(d) Florin Bond Selection	FL	117.44*
(d) FranceValor	FF	1696.92*
(d) GermaniaValor	DM	465.24*
(d) Gold Portfolio	SF	509.29
(d) ItalValor	Lit	468,449.00*
(d) Japan Portfolio	SF	421.75*
(d) SBC US$ MMF	$	5587.11
(d) SBC 100 Index Fund	SF	1055.00
(d) Sterling Bond Selection	£	105.18*
(d) Swiss Foreign Bond Selec	SF	104.36*
(d) Swissvalor	SF	367.58*
(d) Universal Bond Select.	SF	82.00*
(d) UniversalFund	SF	135.41*
(d) Yen Bond Selection	Y	11,788.00
THORNTON MANAGEMENT LTD.		
(d) Thornton Int opps.fund	$	1.96
(d) Pacific Invt. Fd. S.A.	£	10.43
(d) Pac.Invt. Warrants Fd.S.A.	£	5.43
(d) Thornton Kangaroo Fd Ltd.	$	10.72
(d) Thornton European Fund	$	5.74
(d) Thornton HK & China	$	12.74
(d) Thornton Japan Fund Ltd	$	25.03
(d) Thornton Orient.Inc. Fd Ltd	$	19.48
(w) Thornton Phil. Redev. Fd	$	39.06
(d) Thornton Tiger Fund Ltd	$	27.73
(d) Thor.Pacific Tech.Fd Ltd	$	12.77
(d) Thor.L.W. Dragons Fd Ltd	$	17.50
(d) Thor.Golden Opport.Fd	$	5.89
(d) Eastern Crusader Fund.	$	8.17
(w) The Global Access Fund.	$	9.49
T. Rowe Price Associates Inc.		
(m) T. Rowe Price Frontier Ltd.	$	18.19
TYNDALL INT'L GUERNSEY LTD		
Tel.0481 27963		
(d) Amer Spec Sits	$	42.49
(d) Eurobond	$	27.05
(d) Mortgage	C$	12.90
(d) Overseas	$	27.05
(d) Tiger	$	39.71
(d) High Yield Bond	£	49.60*
(d) Marunouchi	£	70.30
(d) Far Eastern	£	588.90
(d) Gilt	£	472.10
(d) Mgd Currency-Dollar	$	1.378
(d) Mgd Currency-Stlg	£	104.500
(d) 1992	£	242.000
(d) Wall Street	£	252.300
(d) Hi Inc Gilt & Bulldog	£	103.500
UEBERSEEBANK, ZURICH		
(d) B-FUND	SF	975.36
(d) M-FUND	SF	1078.61
(d) M-Distribution	SF	102.27
(d) UBZ Euro-Income Fund	SF	10.32
UNION BANK OF SWITZERLAND		
(d) Bond-Invest	SF	65.00*
(d) Brit-Invest Shares	SF	798.00
(d) D-Mark-Invest Bds	DM	208.80
(d) Dollar-Invest Bds	SF	112.60
(d) ESPAC Spanish sh	SF	230.50*
(d) Eurit	SF	321.00
(d) Fonsa Swiss Sh.	SF	191.50
(d) Francit Shares.	SF	272.50
(d) Germac Shares.	SF	200.00
(d) Globinvest Shares.	SF	116.80
(d) Gold Invest Shares.	SF	239.50
(d) Holland-Invest Sh.	SF	233.50
(d) Itac Shares	SF	205.00
(d) Japan-Invest Sh.	SF	1759.50
(d) Sima (stock price)	SF	226.50*
(d) Skandinavien-Invest	SF	272.00
(d) UBS Money Mkt Inv.	$	5220.03
(d) Yen-Invest Bonds.	SF	1132.00
UNION INVESTMENT Frankfurt		
(d) Unirenta	DM	41.00
(d) Unifonds	DM	29.90
(d) Unirak	DM	75.90
(d) Unizins	DM	111.90
THE UNIVERSAL GROUP OF FUNDS		
(m) Canada Gtd-Mortgage Fd.	C$	12.41
(d) Univers Sav Amer	C$	10.07
(d) Univers Sav Equity	C$	12.22
(d) Univers Sav Global	C$	5.40
(d) Univers Sav Pacific	C$	8.75
(d) Univers Sav Nat. Res	C$	6.10
VHOYTEMA & CHAUSSEE Brussels 5118983		
(m) vH&C Managed Fut. Index	$	187
Other Funds		
(b) Abacus Guart.Fd.Mar.'94'.	$	10.00
(r) Acticroissance	$	492.63
(d) Actifinance Intl	$	822.43
(w) Actigestion	FF	1100.05
(w) Activest Intl	$	21.56
(d) Amvabel	FL	97.78
(w) Aquila International Fund	$	244.70
(b) Ariane	$	3,397.36
(m) Atlantic Fund	$	102.05
(d) Atlas Fund	SF	127.57
(r) Australia Fund	$	14.15
(d) Bahamas Superfund	$	1102.00
(b) Bias Monad Bond Fund	$	175.78
(d) Berg Norden Sicav	$	141.61
(d) Berg Trust Sicav	$	114.52
(w) Bergen Int'l Fund.	$	11.14
(d) Bever Beleggingen++	$	25.50
(m) Bonar Currency & Int.	$	87.28
(w) Bondselex-Issue Pr.	SF	121.25
(m) J Capel guaranteed Fund	$	9.59
(w) Capital Man.Inv.Fund	$	1086.80
(d) Cash Gestion	FF	9357.80
(d) CB German Index Fund	DM	103.12
(m) Cleveland Offshore Fd.	$	35.89
(w) Columbia Securities.	FL	187.58
(m) Commod. Gtd. Fund/USA	$	10.65
(d) Conqueror Fund Ltd	$	92.26
(w) Convert. Fd. Int'l A Certs	$	17.82
(w) Convert. Fd. Int'l B Certs	$	58.06
(w) Cumber Intl N.V.	$	232.93
(w) Daiwa Japan Fund	Y	9616.00
(w) D.G.C.	$	172.44
(w) DIVERSIF. BOND FUND	$	98.77
(d) D-mark-Baer Bond Fd.	DM	1027.00*
(d) Dollar-Baer Bond Fd	$	1110.00*
(d) D. Witter Wld Wide Ivt Tst.	$	22.50
(d) Dreyfus America Fund	$	16.33
(d) Dreyfus Fund Int'l.	$	59.59
(w) Dreyfus Intercontinent	$	59.46
(w) Esprit Sicav	ECU	1119.29*
(w) Espirito Sto Inv M Sth Eur Fd.	$	10.18
(d) Europe Obligations	ECU	72.99
(w) Fairfield Int'l Ltd.	$	128.50
(w) Fairfield Strat. Ltd.	$	53.25
(w) First Eagle Fund	$	34,859.70
(w) F.I.T. Fund ff	FF	187.54
(d) Fonditalia	$	66.35
(w) Fonselex Issue Pr.	SF	209.40
(d) Forexfund Limited	$	8.25
(w) Formula Selection Fd.	SF	78.38
(d) Frankl-Trust Effekten Fd	DM	144.55
(d) Frankl-Trust Interzins	DM	41.36
(w) Future Div.Fund	$	25,304.80
(w) George V INV. BOND F.	$	16.44
(m) German Sel. Associates	DM	2000.00
(d) Green Line France	FF	657.84
(w) Haussmann Hldgs. N.V.	$	282.99
(w) Health 2000 Ltd	$	10.13
(w) Hestia Funds	$	149.11
(w) Horizon Fund	$	1815.96
(w) Ibex Holdings Ltd.	SF	183.86
(w) IFDC Japan Fund	YEN	47,778.00
(r) ILA-IGB	$	6.51
(r) ILA-IGS	$	9.97
(m) IncAmerica N.V.	$	14.16
(m) IncAsia N.V.	$	11.09
(w) Interecu Fund	ECU	1183.93
(w) Interface Fund Ltd.	$	142.43
(d) Interfund SA	$	33.97
(w) Intermarket Fund	$	384.74
(r) Int'l Securities Fund	$	22.44
(d) Intersec SA	$	3257.22
(d) Investa DWS	DM	61.96
(r) Invest Atlantiques	$	14.80
(w) Inpremet	$	10.84
(r) Italfortune Int'l Fund SA	$	38.88
(m) Japan Selection Asses.	Y	9,641.00
(w) Japan Selection Fund	$	301.91
(w) Japan Pacific Fund	$	310.01
(w) Kleinwort Bens. Jap. Fd.	$	240.93
(d) KML-II High Yield 05/19/89	$	976.35
(w) Korea Growth Trust	$	42.74*
(w) LACO International	$	6.95
(d) Liquibaer	$	1722.00
(m) London Portfolio G'td. I.	$	92.34
(w) Luxfund	$	98.33
(m) Lynx Sel.Holdings	SF	128.98
(w) ML Morgens Lv HI Yld.Inv.NV	$	10.44
(d) Mediolanum Sel. Fd.	$	34.31
(d) NCA FUND	$	10.76
(w) Nippon Fund	$	109.00
(m) NMT Asian Sel. Portfolio	$	177.09
(m) NMT Nostec Portfolio s/s	$	101.44
(d) NM Inc. & Growth Fund	$	15.32
(d) Nomura-Cap Int Eq Fd	$	12.92
(d) Nordmix	Lit	10886.00
(d) NSP F.I.T.	$	254.56
(m) Oppenheimer U.S.Arb.	$	120.13
(m) Overlook Perfor.	$	1100.94
(d) Pacific Nies Fund	$	9.93
(d) PAM Futures Trad.	$	921.45
(w) Pancurri Inc.	$	124.83
(w) Prosp. I.H.Inc.P.F.05/05/88	$	9.43
(w) Protected Perfor. Fund	$	8.72
(w) Quantum Fund N.V.	$	13132.80
(w) Rep.(Guernsey) Dol.Inc.ld	$	9.55*
(w) Samurai Portfolio	SF	347.40
(d) Sanyo Kle.Spain Fd	$	10.69
(d) Sarakreek Holding n.v.+++	$	28.60
(d) SCI/Tech. SA Luxembourg	$	18.39
(d) Spectrofund Ltd.	$	16.42x
(w) SP International S.A.	$	4514.12
(d) Strat Int'l Gold Fund S.A	$	6.67
(d) Sussex Silverman	$	978.00
(w) Techno Growth Fund	SF	69.72
(d) Templeton Glob Inc.	$	10.15*
(w) The Petrus Fund Ltd.	$	1.953
(m) TIIC(O.T.C) Jap.fd Sicav	$	9.25
(w) Transco Gold Mine Inv.	$	2.48
(w) Transpacific Fund	Y	36887.00
(w) Trans Europe Fund	FL	72.89
(w) Tudor B.VI Futures.LTD	$	3489.44
(d) Turquoise Fund	$	197.39
(w) Tweedy,Browne n.v.Cl.A	$	3563.43
(w) Tweedy,Browne n.v.Cl.B	$	1914.03
(m) Tweedy,Browne (U.K.) n.v.	$	1387.72
(d) Unico Inv.Fund	DM	74.33
(d) Unico Equity.Fund	DM	62.34
(d) Uni Bond Fund	$	1478.42
(r) Uni Capital Fund	$	1451.93
(d) Univers Bonds	DM	130.71
(w) Vanderbilt Assets	$	17.31
(d) Vesper Flux	BF	1345.33
(d) Victoria Fund	$	20000.00
(w) Willerbond Capital	$	13.75
(w) World Fund S.A.	$	22.13
(d) World Balanced Fund S.A.	$	11.87
(m) Zweig Int'l Ltd	$	85,476.00

A$ - Australian Dollars; BF - Belgium Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SF - Swiss Francs; Y-Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; -@ Offer Price incl. 3% prelim. charge; = - Paris exchange; ++ - Amsterdam exchange; • - misquoted earlier; x-not registered with regulatory authority

Be sure that your fund is listed in this space daily. Telex Simon OSBORN at 613595F for further information.

Bronco Sales Drop, but Ford Denies Safety Link

By James Risen
Los Angeles Times Service

DETROIT — Sales of Ford Motor Co.'s Bronco II utility vehicle fell 12.4 percent in mid-May, after a widely publicized report from a consumer group charged that it may be unsafe to drive, Ford said.

The company said the decline was not related to the May 17 announcement by Consumer Reports magazine that it would advise readers not to buy the Bronco II. The magazine said that the vehicle had performed poorly in stability tests and could be prone to roll over during sudden swerves.

Ford officials said Wednesday that the magazine's announcement came too late in the 10-day selling period to have much of an impact. So far this year, Bronco II sales have dropped 9.3 percent. Ford officials have said this was partly because production of the current model is scheduled to be phased out.

Still, the Bronco II decline in mid-May came as Ford was reporting a 5.8 percent rise in overall truck sales. Industrywide, U.S. automakers reported increases of 1.3 percent in truck sales and 3.5 percent in car sales during mid-May; Ford said it posted a 2.8 percent gain in car sales.

Ford's Bronco II utility vehicle, which a consumer magazine said may be unsafe in sudden maneuvers.

Ford said Thursday that its plant in Edison, New Jersey, had been closed indefinitely to reduce inventories of Escort subcompact models, Reuters reported from Dearborn, Michigan. Escort sales are down 8 percent this year and Ford has a 100-day supply of the cars, a spokesman said. The layoffs were the first by Ford in the United States since August 1983.

The Bronco II has not yet seen the devastating sales losses that hit the Suzuki Samurai last year after Consumer Reports said that vehicle was prone to roll over. The magazine called for a permanent recall of the Samurai, asked Suzuki to reimburse those who had bought the vehicles and said the company should stop selling them.

The U.S. government later denied petitions from two consumer groups for an investigation of the Samurai, noting that many of those involved in roll-over accidents were young, inexperienced drivers and that alcohol use was evident in about half of the accidents. But publicity surrounding the case led to a sharp drop in sales, from which Samurai has yet to recover.

Consumer Reports did not urge a recall of the Bronco II, saying it was not nearly as dangerous as the Samurai.

Agence France-Presse

Robert W. Baker, an executive at American, holding a model of the Saab 2000.

AMR Unit Orders Saab-Scania Aircraft

Reuters

DALLAS — American Eagle commuter airlines, a subsidiary of AMR Corp., has announced that it will buy up to 100 aircraft from Sweden's Saab-Scania AB, in a deal that could be worth $1.25 billion.

American Eagle said Wednesday it had 50 firm orders for Saab's 34-passenger 340B twin-engine craft. General Electric Co. will furnish the engines. The deal includes options for American Eagle to buy 50 of Saab's 2000 model commuter planes. These turboprop planes will seat 50 passengers.

The Swiss airline Crossair already had ordered 25 of the 2000s and had options on 25 more, and with the American Eagle purchase, Saab said it had decided to go ahead with production.

Industry analysts said the two deals could be worth up to a total of $1.25 billion.

"These aircraft will meet our needs well into the next century and provide our passengers with the finest plane of its size available," said the president of American Eagle, Robert E. Martens.

The Saab 340-B planes, which have a range of about 700 miles (1,100 kilometers), are generally larger than those currently in American Eagle's fleet. The airline feeds passengers to AMR's American Airlines at major hubs in the United States. American Eagle said the first 15 340-Bs are scheduled for delivery in January 1990.

EASTERN: *Trump Is Victor*

(Continued from first finance page)

said it needed those planes to be successful in reviving the airline and would have dropped its bid if it could not get them.

Because of that, plus the fact that America West is nonunion, the three unions at Eastern — the machinists, the Air Line Pilots Association and the Transport Workers Union, which represents flight attendants — had favored the Trump bid if the shuttle had to be sold.

The sale to Mr. Trump "is the second best thing that could have happened," said Robert Clayman, an attorney for the machinists' union.

The unions would have preferred to have Eastern sold intact as part of their strategy to wrest control from Texas Air Corp.'s chairman, Frank A. Lorenzo. Texas Air owns Eastern and Continental Airlines.

The machinists at Eastern went on strike March 4 after refusing to go along with demands for $125 million on contract concessions. Eastern was forced to seek protection from its creditors in bankruptcy court five days later after pilots and flight attendants refused to cross picket lines.

Since then, the unions, primarily the machinists, have agreed to make more than $200 million in contract concessions to Mr. Ritchie

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Thursday's AMEX Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Via The Associated Press

AMEX Highs-Lows

NEW HIGHS 20

AmTr-alt2 sc, AmTr-cn prm, AmTr-erc pf, AmTr-cnv pf, AmTr-od prm, AmTr-sk sc, AmTr-me prm, AmTr-mes pf, AmTr-mob sc, AmTr-po sc, AmTr-wop sc, Datoram, Dittard, CastMtl, Halsey wt, HealthMor, FtEmpirSt, HatlerDg n, LilVernon, MetPrs s, Hormel, IntlRecv9, Ravenind, NY Times, RnbowPkn, Thermnlnst, SDie 700pr, SeabrdCo, SwstBcr g, UniCareFn

NEW LOWS 13

AmFstPt2 n, ArrowAuto, ChlefnInt n, Carston, ElectrSnd, FstComn SB, MC Ship n, Manufachme, PrepaidLgl, Presidio pf, StestgrClum s, Sunglass Jr, WCI Hld pf

The Daily Source for International Investors.

Herald Tribune

حولنا من الأصل

CURRENCY MARKETS

Dollar Tumbles on Central Bank Intervention

Reuters

NEW YORK — The dollar fell sharply on Thursday, closing below 2 Deutsche marks for the first time in a week.

Dealers said the dollar was hit by several negative factors, including a sharper-than-expected downward revision of U.S. first-quarter economic growth and further bouts of concerted intervention by major central banks.

The dollar closed at 1.9805 DM, down from 2.0130 on Wednesday, and at 141.205 yen, down from 142.795 yen.

The pound rose to $1.5905 from $1.5690 following the increase in British base rates on Wednesday to 14 percent.

The dollar fell to 1.7430 Swiss francs from 1.7855 francs following the Swiss central bank's move Thursday to a flexible Lombard rate. The action will effectively mean an initial one-point increase in the rate, to 8 percent.

London Dollar Rates

Closing	Thu.	Wed.
Deutsche mark	1.9945	2.0128
Pound sterling	1.5800	1.5695
Japanese yen	141.95	142.78
Swiss franc	1.7540	1.7873
French franc	6.7575	6.8225

Source: Reuters

Dealers noted that the Swiss move will add to pressure on West Germany and Japan to increase their interest rates.

The U.S. unit also eased to 6.7100 French francs from 6.8190 francs on Wednesday.

The U.S. Federal Reserve was reported selling dollars twice during European trading, once in concert with most of the European central banks except the West German Bundesbank, dealers said.

The Fed reportedly sold dollars 1.9910 DM and 141.75 yen late in Europe.

In addition to the central bank dollar sales, the currency also eased after the government revised first-quarter U.S. economic growth to 4.3 percent from an originally reported 5.5 percent. The downward revision was larger than expected.

Much of the downward revision of first-quarter growth was due to slowing inventory accumulation, a process which most economists feel is good for the economy in the long run.

But dealers said that the central banks intervened in the markets just after the report was released, giving traders little time to analyze the data. They said the dollar attempted a rebound but fell again late in the day after Michael Boskin, the White House economic adviser, said there has been no change in U.S. policy on the dollar.

Aside from the fundamental factors, some dealers said that the dollar's fall reflected the normal profit-taking that occurs after a steep rise. Many said that sentiment regarding the dollar was still bullish.

"The bullish zeal for the dollar has faded slightly but there's been no real change in basic sentiment," said David Deakin, a foreign-exchange manager of Nikko Bank in London.

The dollar closed in London at 1.9945 DM, down from 2.0128 on Wednesday, and at 141.95 yen, down from 142.78 yen.

The pound rose to $1.5800 from $1.5695.

Some dealers said that profit-taking could push the dollar lower before the coming holiday weekend.

In other currency developments, the Canadian dollar fell sharply amid rumors that Michael Wilson, the Canadian finance minister, may resign.

The currency, which fell more than a half-cent against the U.S. dollar on Wednesday to 82.76 U.S. cents, dropped to as low as 82.57 cents in nervous trading.

SWISS: *Central Bank Moves on Market Speculation*

(Continued from first finance page)
each day to be one percentage point higher than the average call money rate of the previous two days.

The Lombard rate is the rate at which commercial banks borrow from the central bank on a very short-term basis, using securities as collateral. The discount rate, which involves the use of bills as collateral, was left unchanged at 4.5 percent.

Analysts noted that the national bank has recently come under pressure to curb market speculation. Money market rates have been steadily above the Lombard rate, allowing banks to borrow from the central bank and lend at higher rates on the open market.

The national bank explained its action by saying that "the Lombard rate must clearly exceed the level of money market rates."

"This inverse rate structure had invited speculation and the national bank had to do something about it," said Erwin Heri, chief of financial analysis at Swiss Bank Corp.

The national bank has been frustrated by such speculative arbitrage with the Lombard facility, which normally should only be used by the banks for emergency liquidity problems.

The national bank has raised the rate several times, notably by a full point last month, to cut the speculation, and was especially disappointed when Lombard borrowings swelled considerably in May in spite of the higher rate, analysts said.

"It would be too much to say that this signals a change in monetary policy, but it does enlarge the national bank's array of instruments," said Rolf Ehlers, an economist with Crédit Suisse.

Economists noted that the flexible Lombard rate will lead to higher rate levels in some categories and eventually to lower inflation, even if it was not intended as a major policy-tightening move.

"In the medium to long term, it could help lower inflation so that inflation rates in Switzerland may be lower than in West Germany or Japan, and this could help take pressure off the franc," Mr. Heri said.

In any case, the national bank seems to be much more concerned about domestic money market speculation than about the weakness of the franc in the foreign-exchange markets at the moment.

Markus Lusser, president of the Swiss central bank, said a month ago that "we should keep a cool head" about the falling franc since the weakness might be only temporary and since the currency may be overvalued.

He also said that the central bank has not set any firm targets for the currency that would immediately prompt a tightening of monetary policy.

"Firm targets have no place in an environment which can quickly change," Mr. Lusser said in his speech.

GNP: *U.S. Growth Revised to 4.3%*

(Continued from first finance page)
sion in the amount of inventories being accumulated by businesses.

While inventory growth adds to the GNP growth rate, it is often worrisome to economists, who fear that it will lead to big cutbacks in production in later months as companies try to get their stockpiles more in line with sales. If these cutbacks and job layoffs are too severe, then an unwanted inventory buildup can trigger a recession.

"The fact that inventories were well under control means there won't be a cutback this quarter," Mr. Evans said. "The economy is in amazingly good shape. There seem to be no signs of a serious slowdown."

Robert Mosbacher, the U.S. Commerce secretary, said the Federal Reserve Board's efforts to fight inflation by slowing growth appeared to be having the desired effects.

"Fed policy over the past year appears to be succeeding in steering the economy to a more moderate, but sustainable, growth path," he said in a statement. "A more moderate pace of economic growth at this stage of the record expansion will assist in reducing inflationary pressures in the quarter ahead."

In another report, the National Association of Business Economists said its latest survey projected that U.S. economic growth will slow dramatically this year but a recession will not occur until at least 1990.

The consensus of 54 forecasting experts surveyed by the association was that unemployment would rise modestly this year with inflation picking up as well because of higher food and energy prices.

The slowdown being forecast by the business economists was evident in Thursday's GNP report.

France Had A Surplus In March

Compiled by Our Staff From Dispatches

PARIS — France's current-account balance turned to a surplus of 2.6 billion French francs ($382 million) in March, following February's slight deficit of 300 million francs, the Economics and Finance Ministry announced Thursday.

The provisional, seasonally adjusted figures included a surplus on trade in agricultural products of 4.5 billion francs, the government's Foreign Trade Center said.

The change took the agrofood trade surplus to a record 13.4 billion francs in the first three months of the year, 30 percent more than the first-quarter surplus for 1988.

The February figure was revised from an original projection of a 900-million-franc deficit.

The March figures, which comprise trade in goods and services and capital transfers, also showed an improvement in the balance of trade in services, and a fall in the deficit on unilateral transfers, which include France's payments to the European Community budget.

Services showed a March surplus of 5.56 billion francs, against a 2.975 billion-franc surplus a year earlier.

However, the economics ministry said the overall current balance for the first quarter showed a surplus of 5.1 billion francs, less than the 8.1 billion franc surplus recorded in the same period of 1988.

(AFP, Reuters)

World Stock Markets

Via Agence France Presse Closing prices in local currencies, May 25

Amsterdam

	Close	Prev.
ABN Bank	40.50	40.40
ACF Holding	53	53
Aegon	95.80	95.30
Ahold	120.50	115.80
Akzo	146	146
AMEV	50.60	50.70
A'Dam Rubber	8.20	8.20
Amro Bank	76.60	76.60
Bols	141	139.50
Buhrmann Tett	64.70	64.70
BVG	72	72
Calland Parcs	74.30	74.50
CSM	66.20	66.20
Elsevier	66.20	66
Fokker	41.30	41.60
Gist-Brocades	35.10	35.10
Heineken	112.20	111.30
Hoogovens	100.10	99.60
Hunter Douglas	106	106
IHC Caland	34	33.70
Int Mueller	89.50	90
KLM	47.90	47
KNP	57.90	56.40
Nat Neder	59.10	59.20
Nedlloyd	422.50	408
NMB Bank	217	216
Oce Grinten	296	300
Pakhoed	129.50	130
Philips	38.80	38.20
Robeco	106.40	106.50
Rodamco	165.30	165.50
Rolinco	106.10	106.10
Rorento	61.60	61.70
Royal Dutch	140.50	138.40
Unilever	138.30	132.90
Van Ommeren	49	48.40
VMF Stork	35	34.80
VNU	102.20	101.20
Wessanen	85	83
Wolters/Kluwer	176	175.50

ANP-CBS Indx at 15.30: 178.50
Previous: 177.60

Brussels

	Close	Prev.
Arbed	5640	5630
Bekaert	14700	14950
Cockerill	237	237
Cobepa	5860	5860
Delhaize	2540	2600
EBES	4770	4730
GB-Inno-BM	1322	1304
GBL	4465	4450
Gevaert	8420	8420
Hoboken	17700	17850
Intercom	3775	3715
Kredietbank	4700	4790
Petrofina	13275	13150
Royale Belge	5250	5300
Soc Gen Banque	6000	6000
Sofina	12075	12200
Solvay	15300	15000
Tractebel	8450	8400
UCB	15900	16650
Unerg	2705	2680

Current Stock Index: 6892.87
Previous: 6047.80

Market Closed

The stock markets in Frankfurt and Madrid were closed Thurday for a holiday.

Helsinki

	Close	Prev.
Amer A	172	172
Enso-Gutzeit	37	36.50
Finnish Sugar	96	96
K.O.P.	63.90	64
Kymmene	120	120
Nokia	138	135
Pohjola	294	295
Stockmann	239	242
Utd Paper	132	135
Wartsila	410	450

Unitas Index: 583.80
Previous: 581.40

Hong Kong

	Close	Prev.
Bk East Asia	15.70	17
Cathay Pacific	8.95	9.50
Cavendish Int'l	3.10	3.525
Cheung Kong	9.10	10.20
China Light Pwr	13.10	13.80
Dairy Farm Int'l	4.98	7.40
Hang Lung Dev	4.95	5.75
Hang Seng Bank	23.90	25.40
Henderson Land	5.45	6.20
HK Air Eng.	19.80	22.30
HK China Gas	18.50	19.40
HK Electric Hdgs	7.40	7.80
HK Land	9.25	10
HK Realty Trust	5.05	5.50
HK Shang Bank	5.85	6.10
HK Shai Htls	5.20	5.95
HK Telecomm	5	5.10
HK-TVB	1.08	1.20
HK Ferry	5.40	6.20
Hutch Whampoa	9.90	11.10
Hysan Dev	1.36	1.56
Jardine Math.	20	22.30
Jardn Strat Hdg	11.10	13.10
Kowloon Motor	7.80	8.25
Mandarin Orient	4.875	5.40
Miramar Hotel	7.30	7.95
New World Dev	10.50	12.80
SHK Props	11.40	13.50
Stelux	2.35	2.775
Swire Pac A	18.90	20.30
Tai Cheung Prps	4.025	4.925
Wharf Hold.	9.15	10.70
Wing On Co	2	2.25
Winsor Ind.	8.45	9.50
World Int'l Hdgs	4.075	4.775

Hang Seng Index: 2752.51
Previous: 3006.73

Johannesburg

	Close	Prev.
AECI	1775	1775
Altech	8200	8200
Anglo American	7350	7325
Barlows	3750	3750
Blyvoor	1100	1100
Buffels	4500	4400
GFSA	4600	4750
Harmony	2100	2050
Hiveld Steel	1900	1825
Kloof	3325	3250
Nedbank	810	795
Rusplat	5875	5750
SA Brews	2175	2200
St Helena	2950	2950
Sasol	1140	1140
Welkom	1925	1900
Western Deep	11425	11450

Composite Stock Index: 2396
Previous: 2377

London

	Close	Prev.
AA Corp $	18	17⅞
Allied Lyons	427	422
Anglo Am Gd $	67⅝	67¼
Ass Brit Foods	351	350
Asda-MFI Gp	169	168
BAA	351½	342
Barclays	438	441
Bass	961	953
B.A.T.	544	543
Beecham	628	634
Blue Circle	582	583
Boc Group	482	483
Boots	295	292
Bowater Ind.	486	490
British Aero.	672	645
Brit Airways	200	199
British Gas	175	178¼
BP	287	285
British Telec.	267½	278½
BTR	377	378
Burmah	590	590
Cable Wireless	538	541
Cadbury Schw	352	351
Charter Cons.	518	518
Commercial U	373	375
Cons Gold Fd	12 15/64	12¾
Cookson Gp	334	334
Courtaulds	343	335½
Dalgety	374	366
De Beers	14¼	14¼
Dixons	146½	144
Driefontein $	9	8⅞
Fisons	300	297
Freegold $	6⅜	6¾
Gateway	196½	196½
Gen Accident	965	963
GEC	242	240½
GKN	396	391
Glaxo	13 61/64	13 61/64
Grand Met	549	546
GRE	287	287
Guinness	479	479
Gus	16¼	16¼
Hanson	201½	198½
Hawker	704	712
ICI	12 47/64	12¾
Jaguar	319	319
Kingfisher	297	297
Land Sec	378	378
Legal and Gen	310	310
Lloyds Bank	345	345
Lonrho	275	275
Lucas	625	625
Marks & Sp	183	184
Maxwell Com	196	198
Metal Box	284	285
Midland Bank	450	456
Nat.West.Bk	389	394
Pearson	715	716
P and O	629	632
Pilkington	283	283
Plessey	266	266
Prudential	179	175
Racal Elec	472	476
Randfontein $	45½	45¾
Rank	779	778
Reed Internat.	398	398
Reuters	802	798
Rolls-Royce	190½	188
Royal Dutch	39⅝	39¼
RTZ	479	482
Saatchi	326	327
Sainsbury	239½	236
Sears Holding	118	117
Shell	406½	399
STC	372	365
Std Chart.Bk	528	533
Storehouse	177	177
Sun alliance	11 1/32	11 3/32
Tate and Lyle	242	238
Tesco	177	174
Thorn Emi	697	708
T.I. Group	440	439
Trafalgar Hse	384½	385
THF	315½	316
Ultramar	398	395
Unilever	554	548
Utd Biscuits	332	338
Vickers	208	209
War Loan 3½ £	36⅝	36⅝
Wellcome Gp	456	454

F.T. 30 Index: 1777.30
Previous: 1774.80
F.T.S.E. 100 Index: 2136.50
Previous: 2132.70

Milan

	Close	Prev.
Banca Comm	4095	4111
Bastogi	405	406
Cigahotels	4461	4449
CIR	5320	5370
Cred Ital	2016	2036
Eridania	6495	6425
Ferruzzi Fin.	3040	3051
Ferruzzi Agr.	2085	2090
Fiat	9110	9100
Generali	40140	40350
IFI	17650	17350
Italcem	11200	11230
Italgas	2243	2250
Italmobiliare	16250	16250
Mediobca	20200	20350
Montedison	2114	2121
NBA	1720	1740
Olivetti	8908	8970
Pirelli	3155	3190
RAS	27730	28020
Rinascente	4801	4778
Saipem	3330	3332
SIP	2850	2845
SME	3481	3495
Snia	2570	2595
Standa	26050	26350
Stet	3725	3700
Toro	19800	19850

a: x100.
MIB Index: 1012
Previous: 1013

Paris

	Close	Prev.
Accor	665	650
Air Liquide	632	628
Alsthom Atl.	395	396
Av Dassault	619	620
Bancaire	593	591
BIC	754	754
Bongrain	3035	3071
Bouygues	640	635
BSN-GD	680	677
Carrefour	2940	2945
Cerus	440	450
C.G.E.	432	430
Chargeurs	1346	1352
Club Med	630	633
Dumez	1020	992
Elf-Aquitaine	502	499
Europe 1	740	729
Gen. Eaux	1902	1868
Hachette	345	321.50
Havas	950	915
Imetal	387	378
Lafarge Coppee	1552	1504
Legrand	3745	3701
Oreal (L')	4070	4038
L.V.M.H.	4190	4050
Matra	314.90	307
Merlin Gerin	4490	4454
Michelin	201.50	200
Moulinex	136	134
Occidentale	919	884
Paribas	502	495
Pernod-Ricard	1265	1244
Perrier	1722	1700
Peugeot	1670	1640
Printemps (Au)	668	665
Radiotechnique	670	655
Raff. St. Louis	1385	1398
Redoute (La)	3430	3415
Roussel Uclaf	1625	1570
Saint Gobain	592	591
Sanofi	859	835
Skis Rossignol	1363	1350
Societ. Generale	480	475
Suez	322	318
Telemecanique	N.A.	3700
Thomson-CSF	221	222
Total	453	455
Valeo	758	738

Bourse trend index: +1.48%
Previous: +0.44%

Sao Paulo

May 24

	Close	Prev.
Banco do Brasil	1.22	1.17
Bradesco	0.16	0.15
Brahma	0.36	0.36
Paranapanema	1.07	1.02
Petrobras	6.57	6.22
Varig	0.36	0.35

Bovespa Index: 13830
Previous: 11309

Singapore

	Close	Prev.
Cerebos	5.45	5.65
City Dev.	4.16	4.20
DBS	9.25	9.50
Fraser Neave	9.20	9.25
Genting	5.50	5.60
Harrisons Plant	2.08	2.13
How Par	2.91	2.92
Hume	4.03	4.12
Inchcape	3.95	4.05
Keppel	4.16	4.14
KL Kepong	3.70	3.84
Lum Chang	1.25	1.31
Malayan Banks	5.50	5.45
OCBC	9.85	10
OUB	3.78	3.82
OUE	8	7.95
Sembawang	4.52	4.58
Shangri-la	8.40	8.45
Sime Darby	3.48	3.70
SIA	12.50	11.80
S'pore Land	11.30	11.80
S'pore Press	7.45	7.45
S. Steamship	2.94	3.04
S. Trading	4.24	4.30
UOB	5.40	5.70
United Overseas	2.16	2.20

Straits Times Ind.: 1257.72
Previous: 1288.57

Stockholm

	Close	Prev.
AGA	245	242
Alfa Laval	400	400
Asea	328	332
Astra	278	257
Atlas Copco	357	350
Electrolux	335	344
Ericsson	512	503
Esselte	223	225
Handelsbanken	158	158
Pharmacia	190	190
Norsk Hydro	167.50	168
Saab-Scania	239	242
Sandvik	236	240
SCA	398	398
S-E Banken	93	93.50
Skandia Int	N.Q.	250
Skanska	515	520
SKF	155	148
Stora	487	485
Swedish Match	145	145
Volvo	455	452

Affaersvaerlden: 1173.79
Previous: 1168.18

Sydney

	Close	Prev.
ANZ	5.08	5.14
BHP	8.44	8.78
Boral	3.45	3.54
Bougainville	2	2.25
Coles Myer	8.44	8.50
Comalco	3.70	3.89
CRA	8.96	9.38
CSR	4.44	4.47
Dunlop	4.43	4.50
Elders IXL	2.43	2.48
ICI Australia	6.38	6.54
Magellan	2	2.10
MIM	1.88	1.91
Nat Aust Bank	6.46	6.42
News Corp	14.15	14.40
N Broken Hill	2.35	2.48
Poseidon	2.35	2.35
QCT Resources	1.30	1.35
Santos	3.73	3.76
Thomas Nation	3.38	3.50
Western Mining	5.84	5.14
Westpac Banking	5.26	5.40
Woodside	2.30	2.31

All Ordinaries Index: 1543.30
Previous: 1570.50

Tokyo

	Close	Prev.
Akai	815	820
Asahi Chemical	1260	1250
Asahi Glass	2310	2300
Bank of Tokyo	1670	1640
Bridgestone	1620	1580
Canon	1810	1790
Casio	1420	1420
C.Itoh	1040	1040
Dai Nippon Print	2290	2400
Daiwa House	2190	2280
Daiwa Securities	2170	2170
Fanuc	6320	6380
Fuji Bank	3460	3490
Fuji Photo	4000	3970
Fujitsu	1550	1530
Hitachi	1700	1690
Hitachi Cable	1250	1240
Honda	2030	2020
Ito Yokado	5450	5150
Japan Air Lines	16100	15900
Kajima	2150	2130
Kansai Power	4780	4740
Kawasaki Steel	1060	1040
Kirin Brewery	1970	1970
Komatsu	1310	1320
Kubota	1230	1220
Kyocera	6220	6200
Matsu Elec Inds	2580	2590
Matsu Elec Wks	2070	2070
Mitsubishi Bank	3190	3140
Mitsubishi Kasei	1190	1180
Mitsubishi Elec	1190	1180
Mitsubishi Hvy	1150	1110
Mitsubishi Corp	1550	1530
Mitsui and Co	1100	1090
Mitsukoshi	2430	2440
Mitsumi	1060	1060
NEC	1890	1870
NGK Insulators	1610	1600
Nikko Securities	1880	1840
Nippon Kogaku	1500	1460
Nippon Oil	1540	1580
Nippon Steel	897	900
Nippon Yusen	1040	1040
Nissan	1570	1540
Nomura Sec	3340	3310
NTT	1490a	1480a
Olympus Optical	1350	1350
Pioneer	3440	3350
Ricoh	1300	1280
Sanyo Elec	957	952
Sharp	1390	1380
Shimazu	1500	1490
Shinetsu Chem	1940	1910
Sony	7550	7450
Sumitomo Bank	3550	3550
Sumitomo Chem	973	980
Sumi Marine	1310	1320
Sumitomo Metal	898	908
Taisei Corp	1670	1660
Taisho Marine	1320	1340
Takeda Chem	2490	2490
TDK	5200	5100
Teijin	897	892
Tokyo Marine	2050	2030
Tokyo Elec Pwr	6040	5980
Toppan Printing	1990	1940
Toray Ind.	1030	1020
Toshiba	1370	1350
Toyota	2720	2730
Yamaichi Sec	1820	1840

a: x1000.
Nikkei 225: 34885.39
Previous: 33851.82
New Index: 2517.50
Previous: 2500.73

Zurich

	Close	Prev.
Adia	8025	8030
Alusuisse	1035	1030
Bank Leu	2775	2775
Brown Boveri	3540	3540
Ciba Geigy	3575	3590
Credit Suisse	2420	2430
Electrowatt	2770	2770
Georg Fischer	1570	1520
Hoffman R. Baby	15850	15850
Interdiscount	3320	3310
Jacob Suchard	6850	6900
Jelmoli	2350	2350
Landis Gyr	1230	1225
Moevenpick	5625	5600
Nestle	6485	6500
Oerlikon-B	1080	1090
Pargesa Holding	1725	1730
Sandoz	1975	2005
Schindler	5250	5375
Sulzer	377	370
Surveillance	5510	5475
Swissair	995	990
SBC	286	288
Swiss Reinsur	1615	1610
Swiss Volksbank	1650	1660
Union Bank	3015	3020
Winterthur	4280	4340
Zurich Ins	1930	1980

S.B.C. Index: 584.90
Previous: 585.80

Toronto *May 25*

Canadian stocks via AP

Sales	Stock	High	Low	2 P.M.	Chg.
567	Abti Prcs	$20	19¾	20	+ ¼
4800	Agnico E	37⅞	9⅝	9⅝	+ ⅛
164960	Air Canada	$13⅝	13⅜	13⅝	+ ½
53925	Alt Energy	$16¼	16	14¼	
133420	A Barick	$23½	22⅞	23⅛	
8715	Atco I f	$10⅝	10½	10⅝	+ ¼
91217	BCE Inc	$38½	38¼	38⅜	— ⅛
341613	BCED	286	278	278	— 8
2164	BP Canada	$16⅝	16¼	16¼	— ⅛
437354	Bank N S	$17⅝	17⅜	17⅜	
44460	BCE Mobl	$34¼	34	34¼	+ ¼
3600	BC Phone	$15½	15⅜	15⅜	— ⅛
527	Brunswk	$10⅝	10⅝	10⅝	+ ⅛
55850	CAE	$13⅝	13⅜	13⅜	+ ⅛
162480	CCL B f	$10⅞	10	10⅝	
8800	Cambior	$12	11⅞	12	+ ⅛
119657	Campeau	$16⅞	16⅝	16⅝	— ⅛
39600	C Nor West	$8	7⅞	7⅞	
65	C Packrs	$13⅞	13⅞	13⅞	
340896	CI Bk Com	$30¼	29⅞	30	+ ⅛
1040	CP Forest	$43½	43	43⅛	+ ⅜
254380	CP Ltd	$22⅝	22⅜	22⅜	— ⅛
38643	CTire A f	$21½	21⅜	21½	+ ⅛
50	C Util B	$20⅝	20½	20½	+ ⅛
958	Canfor	$24⅝	24⅜	24⅜	
58010	Cara	$17¼	17⅛	17¼	+ ⅛
2654	Celanese	$31¼	31¼	31¼	— ½
2851	Cntrl Cap	$11⅞	11⅜	11⅜	— ⅛
22700	Cineplex	$15½	15⅜	15⅜	+ ⅜
209433	Corona A f	$7⅞	7⅝	7⅞	+ ¼
180	Crownx	$12⅛	12⅛	12⅛	
14850	Denison A p	495	490	490	+ 5
17355	Denison B f	480	475	475	
1075	Derlan	$14	13⅞	14	+ ⅛
336	Dicknsn A f	460	460	460	
863	Dicknsn B	$6⅝	6⅝	6⅝	
34400	Dofasco	$27½	27⅜	27⅜	
1008	Donohue	$13	13	13	
45884	Du Pont A	$24¼	23⅝	23⅝	
600	Dylex A f	$11⅝	11⅝	11⅝	
200	Emco	$11½	11½	11½	
11565	Equty Svr A	410	405	405	
1800	FCA Intl	$9	8⅝	8⅝	
9805	FPI Ltd	$7¾	7⅝	7⅝	— ⅛
200125	Ficnbrdge	$30⅝	30½	30⅝	
29780	Fed Ind A	$15⅝	15⅜	15⅝	+ ⅛
8500	Fed Pion	$13⅝	13⅜	13⅜	
3633	Fiet CCan A	$17⅝	17⅜	17⅜	
85250	Fiet C Inv	$21⅞	21⅝	21⅝	
500	Gendis A	$20⅞	20⅝	20⅝	— ⅜
68720	GE Canada	$26⅞	26½	26⅝	
2700	Goldcorp f	395	385	395	+10
3135	Hayes D	$14¼	14¼	14¼	
266434	Hees Intl	$29⅝	29½	29½	
126700	Hemlo Gld	$13⅛	12⅞	13⅛	+ ⅛
44600	Hollinger I	$14	13⅞	14	
100	H Bay Co	$27½	27½	27½	— ¼
9640	Imasco L	$32⅜	32	32	— ¼
16150	Inland Gas	$14½	14¼	14¼	
65922	Intl Thom	$17¾	17⅝	17⅝	— ⅛
987	Interhome	$45⅞	45⅝	45⅝	— ⅛
18576	Ipsco	$19	18¾	19	+ ½
32000	Ivaco A f	$11⅛	11	11⅛	+ ⅛
5750	Jannock	$19⅝	19¼	19⅝	+ ⅛
9	Kerr Add	$19⅝	19⅝	19⅝	
12274	Labatt	$23½	23⅜	23⅜	
63100	Loblaw Co	$12⅜	12	12⅛	+ ⅛
500	Lumonics	$7⅞	7⅝	7⅝	— ¼
34465	Magna A f	$13⅝	13⅜	13⅜	
15575	MDS H A	$24⅜	24⅛	24⅛	
27200	Mclan H X	$13	12⅞	13	+ ⅛
1343	Maritime f	$17⅛	17	17	
8600	Mark Res	$9⅛	8⅝	8⅝	
50	Minnova	$18⅝	18⅝	18⅝	— ⅛
37886	Molson A f	$36⅝	36⅜	36½	— ⅛
10	Molson B	$36⅝	36⅝	36⅝	+ ⅜
1507	N-W Gr	$6½	6⅜	6½	+ ⅛
13200	Noranda F	$14⅛	14	14⅛	+ ⅛
281037	Noranda I	$22⅜	21⅞	22¼	+ ⅛
185172	Norcen	$24	23⅞	24	+ ¼
432444	Nova Cor I	$10⅝	10⅜	10⅜	
14300	Nowsco W	$14½	14⅜	14⅜	— ⅛
6800	Onex C f	$14	14	14	
40800	Oshawa A f	$26⅝	26⅛	26½	
31327	PWA Corp	$16¼	15⅞	16	
300	Pamour	$6⅝	6⅜	6⅜	— ⅛
300	PanCan P	$25⅝	25¼	25⅝	
139882	Placer Dm	$15¼	15	15¼	+ ¼
5700	Poco Pete	$7⅝	7⅛	7⅛	
400	Que Sturg a	140	140	140	
2100	Rayrock f	$7¾	7⅜	7⅜	+ ¼
400	Redpath	$20	20	20	
6186	Renlsonc	$16¼	16	16	— ⅛
850	Rogers A	$129	128	129	+ 3
7918	Rogers B f	$106¾	105¼	106½	+1½
500	Roman	$12⅝	12⅝	12⅝	+ ⅛
279175	Royal Bnk	$44⅝	43⅞	44¼	+ ½
8552	Ry Trco	$17⅞	17¼	17⅝	+ ⅛
13105	Sceptre R	430	425	425	
5700	Scotts f	$16⅝	16⅝	16⅝	— ⅛
19810	Sears Can	$13	12⅞	13	
36400	SHL Systm	$11¾	10⅞	11⅛	+ ¼
35320	Shell Can	$44	43⅝	43⅞	+ ⅛
223437	Sherritt	$12½	12¼	12¼	— ¼
9530	Southam	$33⅝	33⅜	33⅝	+ ¼
3040	Spar Aero f	$14½	14¼	14¼	
15056	Stelco A	$23½	23⅛	23½	
30830	TCC Bev	$10¼	10	10¼	
2000	Teck Cor A	$19⅝	19½	19½	
223010	Teck B f	$18⅞	18⅝	18⅞	+ ⅛
96150	Thom N A	$29⅝	29½	29½	— ⅛
211974	Tor Dm Bk	$42⅛	41⅞	42	— ⅛
5905	Torstar B f	$32⅝	32½	32⅝	+ ⅛
448	Trns Mt	$15⅝	15⅝	15⅝	
126865	TrnAlta U	$14⅝	14¼	14⅝	
87119	TrCan PL	$14⅝	14⅝	14⅝	
1901	Trimac	420	410	410	—10
5025	Trilon A	$20¾	20½	20⅝	— ½
464523	Turbo	70	69	70	+ 1
1280	Unicorp A f	$6⅞	6¾	6⅞	— ⅛
580	Un Carbid	$22	22	22	— ⅛
2023	U Enterprise	$9¾	9⅝	9⅝	
1963	Westmin	$9½	9½	9½	
67760	Weston	$39⅝	39	39½	+ ½
17035	Woodwd A	$6	5⅞	5⅞	— ⅛

Total sales 17,897,093 shares

	Noon	Prev. Close
TSE 300 Index:	3,676.40	3,667.50

Montreal *May 25*

Sales	Stock	High	Low	Close	Chg.
151818	Bank Mont	$31	30⅝	30⅝	— ⅛
5328	BombrdrA	$12½	12⅜	12⅜	
41440	BombrdrB	$12⅝	12⅜	12½	
7600	CB Pak	$18⅞	18⅝	18⅝	+ ⅛
10536	Cascades	$06⅞	06⅝	06⅝	+ ⅛
9467	DomTxtA	$14½	14¼	14⅜	+ ⅛
3400	Memotec	$10	09⅞	10	
157969	NatBk Cda	$14⅛	13⅞	13⅞	— ⅛
14746	Noverco	$12⅛	12	12	
107130	Power Corp	$16⅛	16	16⅛	
38463	Provigo	$09⅝	09¼	09⅝	+ ¼
3150	SteinbrgA	$39	38½	38⅝	+ ⅜
17409	Videotron	$18	17⅞	17⅞	— ¼

Total Sales 6,664,497 shares.

	Close	Previous
Industrials Index:	1,611.91	1,613.37

To Our Readers

Closing Toronto stock market quotations were not available for this edition because of technical problems.

The Daily Source for International Investors.

Thursday's NASDAQ Prices

Prices as of 4 p.m. New York time.

This list, compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

Via The Associated Press

SPORTS

For Canadiens, the Tradition Is Winning

Trailing Flames, They Seek to Maintain Legacy of Never Losing a Cup at Home

By Robert Fachet
Washington Post Service

MONTREAL — The Montreal Canadiens would be trying to maintain one of hockey's great traditions when they faced the Calgary Flames on Thursday night.

No visiting team had ever won the Stanley Cup on the Canadiens' home ice, while the Flames, owning a 3-2 lead in the best-of-seven series, had the chance to become the first.

The Canadiens have been the winner their last nine times in the Stanley Cup final and in 16 of the last 17, the exception being a 1967 loss in a series that ended in Toronto. They have won the cup 23 times, for a success rate unmatched in sports; the New York Yankees come closest, having won the World Series 22 times. Eight times the Canadiens have lost the championship series, all on the road, and another series was tied when it was halted by a flu epidemic in Seattle in 1919.

And as the present-day Canadiens sit in their locker room before the start of a game, they find it hard to escape the club's tradition.

Facing one group of players are pictures of the 36 Canadiens, from Howie Morenz to Guy Lafleur, who are members of the Hockey Hall of Fame. Above the pictures, in both French and English, are the words, "To you from failing hands we throw the torch. Be yours to hold it high."

On the opposite wall are plaques listing every player on every Montreal team, dating back to 1917-18, the first season in the National Hockey League.

Ryan Walter's seat faces the pictures of the oldest of the old-timers.

"You sit here and look up and one guy always seems to be staring at you," he said. "There's no way you can go out there and give anything but your best.

"Where the tradition of the team hits you the most, though, is when you meet the live guys, like Toe Blake and Jean Beliveau and Dickie Moore. That's when it's real. They come in after games and you want them to be able to say 'Good job' to you."

It is no accident that the Canadiens have prevailed so often in the Stanley Cup championship series. No team in any sport is better equipped to handle the great pressures of championship competition than the one of which so much is expected on a daily basis.

"Here in Montreal, you lead a pressure-filled life," said veteran Larry Robinson. "You're like an actor, always in the spotlight, and if you let the pressure of playing here torture you, you'll drive yourself crazy. But when you win the Stanley Cup, it's worth all the pain and aggravation."

Nobody feels the pressure more than the French Canadians on the team. At one time, when they could exercise territorial rights over young players, the team was known as "The Flying Frenchmen" and most were of French Canadian descent. With the draft, players like Mario Lemieux have gone elsewhere, leaving a handful, such as Stephane Richer, Guy Carbonneau, Patrick Roy and Claude Lemieux, to try to satisfy Montreal's hockey frenzy.

"We play under pressure, but for the French guys it's such a big deal to play here," Walter said. "They feel the pressure more than we do. It's like everyone in Quebec is wondering which one will be the next Rocket Richard, Jean Beliveau or Guy Lafleur."

At 19, defenseman Eric Desjardins may feel that pressure most. So far he has managed to perform capably in the playoffs, without making any monumental errors.

"Everybody would like to play in Montreal and for me to be here is real special," he said. "It is a big thing just to play in this league. To play in Montreal is even bigger.

"The pressure is everywhere you go, but it's important not to think about it. If you put too much pressure on yourself, you make it impossible to play your game. What helps make it easy for me is players like Larry Robinson and Bob Gainey. When they talk, they say very good things to help me."

Defenseman Craig Ludwig said, "No matter how many young guys are yelling and screaming in the dressing room, when Robinson or Gainey says something, it's like that E.F. Hutton commercial. Everybody shuts up and listens."

Robinson, whose 202 playoff appearances are the most in the NHL, and Gainey, the team captain since 1981, are the bridge on the ice between the Canadiens' past and the young players who will take their turn with the torch.

But management has its share, too. Among the 36 Hall of Famers are Jean Beliveau, now senior vice president for corporate affairs; Serge Savard, the general manager, and Jacques Lemaire, the former coach who now is general manager of the Verdun Junior Canadiens.

Some top Calgary officials — Cliff Fletcher, the general manager; Al MacNeil, the assistant general manager, and Doug Risebrough, an assistant coach — are products of the Montreal organization. During the series, they have tried to play down the Canadiens' mystique.

"Maybe they're protesting a little too much," said Montreal center Bobby Smith. "The sweater is part of it. We're the only team, along with Boston, to carry over from the six-team league and stay strong over the last 20 years."

Walter added: "You get some intangibles tossed down from guys who have been here and have won cups. One thing that they passed on to us was how not to lose. When I came here, I saw my stats go down, but my team performance moved up.

"I'm very proud to play for a team where guys put their personal goals on the back porch and say, 'Let's win the Stanley Cup.'"

■ Tass Says 3 Can Join NHL

Three Soviet hockey stars, Vyacheslav Fetisov, Igor Larionov and Sergei Makarov, are free to play in the NHL, the official news agency Tass said Thursday, The Associated Press reported from Moscow.

Tass said the three were released from the Red Army, whose hockey team they represented in the Soviet league, ending months of public squabbling. The three players were on the team that won the 1989 world championship in Sweden.

Tass did not refer to the disputes in its announcement that the players were let go "owing to reduction of staff" in the Red Army and "are now free to sign contracts with NHL or any other foreign clubs."

The New Jersey Devils have contract rights on Fetisov, the Vancouver Canucks on Larionov and the Calgary Flames on Makarov.

AC Milan Flys Home to Italy's Cheers

The Associated Press

MILAN — Thousands of fans, waving flags and playing horns and trumpets, welcomed AC Milan as the team flew home Thursday from its victory over Steaua Bucharest in the European Champions' Cup soccer final in Barcelona.

When team captain Franco Baresi and Dutch stars Marco Van Basten and Ruud Gullit raised the huge, silver cup — the prize of Europe's most prestigious club tournament — spectators lining the airport terraces cheered wildly. Van Basten and Gullit had each scored twice during the 4-0 victory Wednesday night.

Gullit, who underwent knee surgery earlier this month, scored in the 17th and 39th minutes. Van Basten broke open the game with Milan's second goal in the 27th and capped it in the 47th against a Steaua team that retreated into its own end in the face of the onslaught.

In downtown Milan, and in several other northern Italian cities, thousands more continued a celebration that had gone on past midnight.

They had been given even more reason to cheer by an Italian air force jet that rushed television equipment and technicians to Barcelona on Wednesday after workers at the state-run Spanish Television called a two-hour strike to press their claims for pay raises.

The C-130 arrived in enough time so that the Italian state network RAI could set up equipment and broadcast the game to Italy, where millions were glued to their television sets.

Italian fans had made up more than three-quarters of the crowd of 97,000 in Barcelona, providing a deafening backdrop even before the opening whistle. They took their party to the streets when the match ended.

"It was unbelievable," Van Basten said. "This has never happened before, so many people traveling from one country to another to support a team."

The fans were jubilant and generally well-behaved, despite a few incidents with some of the nearly 2,000 police and private security guards on duty in and around the stadium. If anything, Milan's players had stolen the show from the crowd with their dazzling play.

VANTAGE POINT/Dave Anderson

Let's Make Tyson a Linebacker

New York Times Service

NEW YORK — In other years boxing was a business of noble cruelty. "But it's not boxing anymore," the old trainer, Ray Arcel, was saying recently. "It's exploitation."

And day by day, it's almost wrestling.

It's all those different champions in all those different divisions for all those different boxing politicians catering to all those different television networks.

It's all those fights that need a slogan, such as "The War" between Sugar Ray Leonard and Thomas Hearns, an insult to anyone who was ever in a real war.

Now it's all this talk about Mike Tyson defending the world heavyweight title against a football player.

Tony Mandarich is a big slab of beef, 6 feet, 6 inches (1.98 meters) and 315 pounds (143 kilograms), an offensive tackle out of Michigan State who was the Green Bay Packers' first-round choice in the recent National Football League draft. But he's not a boxer. Never has been.

Even so, a boxing promoter who should know better, Shelly Finkel, is talking about guaranteeing Mandarich $10 million for getting into the ring with Mike Tyson for the title.

Not even Hollywood would go for it. In the movies, at least "Rocky" was a boxer, not a football player.

Imagine if an NFL team was allowed to invite Mike Tyson to start the Super Bowl at middle linebacker after a few workouts. That, in reverse, is what Mandarich would be asked to do.

And a football player who briefly was a boxer a decade ago, Ed (Too Tall) Jones, still a defensive end for the Dallas Cowboys, understood the difference.

"He's very muscular, which is perfect for football," Too Tall was saying now from Dallas, "but just being muscular is all wrong for boxing. As a boxer, you need hand speed and the ability to take a punch."

Yes, take a punch. All those muscles don't mean that Mandarich's chin has muscles.

Gil Clancy, now the CBS network's boxing analyst but once a trainer of champions, remembered an Olympic shot-putter named Bill Nieder who tried to be a boxer.

"Nieder even trained for about a year," Clancy recalled, "but in his first fight, he got knocked out."

Clancy remembered another shot-putter, Brian Oldfield, who thought about a boxing career.

"I watched Oldfield hit the heavy bag," Clancy said, "and I told him, 'If you're willing to work with me for about two years, you've got a chance to be a pretty good amateur.' I never saw him again. It takes time to be a fighter. You're not born a fighter. You have to be taught how to be a fighter."

Lou Duva, one of today's busiest trainers, knows that.

And if Duva, who inspected Mandarich last week in a workout in Los Angeles, were to get a title bout for Mandarich, how could he explain that to Evander Holyfield, his real heavyweight contender.

But first, Finkel and Duva would need to find a boxing commission willing to license Mandarich for a title bout even though he doesn't have a record as a boxer. And then they would need to find a governing body willing to sanction it as a title bout.

Muhammad Ali was once involved in discussions for a bout with Wilt Chamberlain, but the champ laughed it off.

"Cut that beard off," Ali told the 7-foot basketball player. "I'm not fighting billy goats."

During that Mandarich workout, Duva raved about the football player's potential as a boxer. But, significantly, Mandarich only hit the heavy bag, which didn't hit back.

He never sparred with a real boxer. If he had, he might have discovered what another football player, Joe Klecko, the New York Jets' former all-pro defensive lineman, once discovered while sparring with Joe Frazier in the Cloverlay Gym in Philadelphia.

Not even Hollywood would go for a Tyson-Mandarich bout. In the movies, at least "Rocky" was a boxer, not a football player.

At the time Klecko was a football player at Temple who also boxed occasionally.

"I'd never sparred with Joe Frazier before," Klecko recalled, "but now I was in there banging with him and I guess I got a little bit too loose. He threw a left hook but he stopped it right there next to my head, then he laughed. That one left hook was enough for me to realize that I didn't really want to be a boxer."

One left hook might be enough for Mandarich to realize he doesn't want to be a boxer, even for the $10 million that he and his agent, Vern Scharbangh, are using as leverage with the Packers in their contract negotiations.

But the Packers' general manager, Tom Braatz, has warned that he'll withdraw the team's offer if Mandarich decides that he would rather get hit by Tyson's left hook than by a defensive end's pass rush.

In the confusion, Tony Mandarich should remember that in the ring he won't be wearing a face mask. Or even a helmet.

SIDELINES

Evert, Lacking Desire, Is Out of French Open

NEW YORK (AP) — Chris Evert, saying she lacked the desire to play her best tennis, withdrew Thursday from next week's French Open tennis championships.

"Right now, I don't have the heart to stay out there and fight all day," she said in a prepared statement. Evert has seven French Open titles among her 18 Grand Slam singles crowns. She said she had not decided on the rest of her schedule for 1989.

Earlier, in Paris, Paul Annacone of the United States, who is ranked 47th in the world, withdrew from the tournament, giving organizers no reason for his decision.

Suns' Fitzsimmons Wins 2d Coach of Year Award

NEW YORK (AP) — Cotton Fitzsimmons, who directed the Phoenix Suns to a 27-game improvement over the previous season, Thursday was named National Basketball Association coach of the year for the second time.

In becoming the fourth coach to win the award twice, he received 36½ votes from a national panel of 85 media members who regularly cover the NBA — three from each competing city and 10 representatives of the national media.

Don Nelson, whose Golden State Warriors made a 23-game improvement, finished second with 26½ votes. Lenny Wilkens of Cleveland was third with 9, followed by Chuck Daly of Detroit 5; Wes Unseld of Washington, 4; Rick Pitino of New York, 2, and Del Harris of Milwaukee and Pat Riley of the Los Angeles Lakers, 1.

For the Record

The United States defeated Spain, 2-1, and West Germany beat Switzerland, 2-1, Thursday in the World Team Cup tennis tournament in Düsseldorf. *(AP)*

Jim Crawford's team won a private race Thursday as it repaired the Scottish driver's car, demolished in practice last week, in time for Sunday's Indy 500. *(AP)*

Bob Murdoch and the Winnipeg Jets of the NHL reached agreement on a two-year contract as coach; Murdoch was fired by Chicago at the end of the 1987-88 season. *(UPI)*

Ivan Lendl, Stefan Edberg, Mats Wilander and Andre Agassi, four of the world's five top-ranked players will compete in the ANA Cup Tennis Series in Yokohama, July 29-30, organizers said Thursday. *(AP)*

Quotable

● Brother Denys Cormier, a New Haven monk who runs the Downtown Evening Soup Kitchen and a softball team composed of homeless men and soup-kitchen volunteers: "When someone yells 'bums!' at the umpires, our whole team will stand up." *(AP)*

● Yogi Berra, asked his cap size during spring training: "I don't know. I'm not in shape yet." *(LAT)*

BOOKS

OTTO THE MAGNIFICENT: The Life of Otto Kahn

By John Kobler. 244 pages. $24.95. Scribner Book Companies, 866 Third Avenue, New York, N. Y. 10022.

Reviewed by Jack Sullivan

THIS colorful biography of the financier Otto Kahn traces the career of the last genuine emperor of the arts. Kahn is a felicitous subject for the kind of name-dropping, champagne-popping treatment served up by John Kobler, veteran biographer of the likes of John Barrymore and Henry Luce.

A Wall Street wizard and railroad organizer who was economic adviser to Teddy Roosevelt and three other presidents, Kahn was renowned mainly as the president and financial savior of the Metropolitan Opera and the patron of artists ranging from Caruso and Nijinsky to Sergei Eisenstein, Paul Robeson, Eugene O'Neill and Hart Crane. Lewis Strauss, a partner in Kahn's firm, described him as "the Lorenzo de Medici of his day . . . with an air of detachment from anything as plebeian as money."

This curious, seemingly benign detachment was perhaps the key to the many paradoxes that emerge, mostly unexamined, in this book. The owner of palatial estates in Europe and the United States where he threw some of the splashiest parties in the Western world, Kahn regularly denounced materialism and the "arrogance of wealth." A conservative Republican, he advocated what his business colleagues regarded as "socialist" labor practices and lavished money on leftist artistic enterprises such as the Worker's Lab Theater and O'Neill's "All God's Chillun Got Wings," the premiere of which inspired rightist death threats from all over America.

A nonpracticing Jew who admired the aesthetics of Catholicism, he was snubbed by the anti-Semitic world of J.P. Morgan and Henry Ford even as he was accused of anti-Semitism by his associates for ignoring Judaism. The descendant of a Mannheim banking family, he made anti-German propaganda speeches during World War I which earned him the label "filthy swine" from Kaiser Wilhelm, who called for his assassination.

Kahn's desk was a disconcerting sight to his colleagues. They often glimpsed an opera score lying next to a stock ledger or "sober-faced investors" alternating as visitors with "some gesticulating foreign musician, a stage director, a voluble prima donna." His one supporter was his mentor Edward Henry Harriman, the "cold, ruthless, ill-mannered" railroad magnate, who urged Kahn not to "dabble" in his "art job," but to make it one of his "serious occupations."

Kahn took it seriously all right. He not only financed some of the most significant artists in America, he contributed voluminous speeches and essays on the subject, including an argument for producing opera in the original language that holds force at the Met to this day. Kahn's wordy, overblown rhetoric makes it difficult to judge whether he was a complicated thinker or simply a careless one. Unfortunately, "Otto the Magnificent" is not very helpful in this regard.

Kobler is content to glide over the elegant surface of Kahn's life — his childhood in Mannheim, his mingling with Oscar Wilde and W.S. Gilbert as a young banker in London, his hunting expeditions where he sat with a shotgun in the back of his Rolls-Royce, his affairs with Grace Moore and Maria Jeritza, his involvements with Toscanini, Gershwin, Cole Porter and literally dozens of other legendary artists. Although the treatment is certainly in tune with the subject, the reader can't be blamed for wondering about some of the darker statements Kobler occasionally lets drop, such as this assessment by the wife of Kahn's secretary: "Mr. Kahn was a strange and essentially pathetic mixture of arrogance, pseudo-sophistication and insecurity. . . . The whole expedition, the special train, his speech, his distinguished guests, as well as his pajamas, were all a reassurance for his ego, still seeking admiration and acceptance, unsatisfied by financial success."

It's the celebrities and pajamas that engage Kahn's biographer, not the strangeness and hidden depths.

Jack Sullivan, who teaches at Rider College, is the editor of the forthcoming "Words on Music." He wrote this for The Washington Post.

BRIDGE

By Alan Truscott

TWO teams were coasting to victory in the playoffs to determine American representation in the World Championships in Perth, Australia. In the final the California team of Chip Martel, Lew Stansby, Hugh Ross, Peter Pender, Mike Lawrence and Kit Woolsey faced David Berkowitz, Bill Pollack, Mark Cohen, Walter Johnson, Howard Weinstein and Ralph Katz. The most brilliant defensive play in the men's match came on the diagramed deal. A natural sequence left Weinstein playing in five clubs doubled. The spade king was led and won with the ace. South judged correctly that all the high-card strength was on his left, so after drawing three rounds of trumps ending in the dummy he rejected the heart finesse. Instead he led to the heart ace and was on the road to success. A low heart was due to endplay West. The established hearts would provide discards for diamonds. But Martel as West was alert. He noted that his partner had played the heart 10, suggesting in the partnership methods possession of the jack. So he sacrificed his king under the ace and was rewarded. South could not establish hearts without permitting Stansby, East, to gain the lead and play a decisive diamond for down one. The California team lost points, however, because in the replay the defense was less effective against a contract of five spades by East. This would have been hopeless after a club lead, but North chose to cash his major-suit aces and West was able to reach his dummy with the fourth round of trumps to pick up the diamond king. The Berkowitz team gained 8 imps, which would have been 14 if Martel had defended less skillfully.

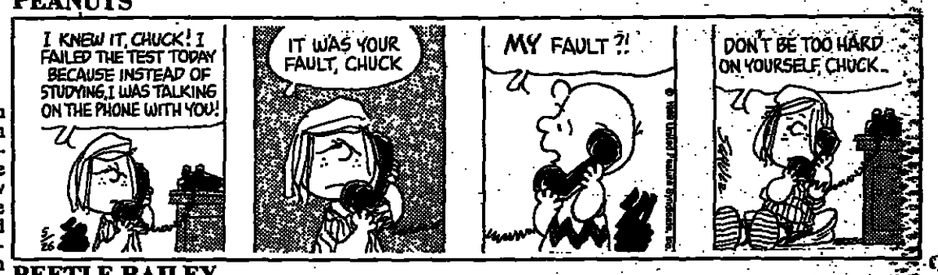
	NORTH	
	♠ J 10 4	
	♡ 8 4 3	
	◇ 9 7	
	♣ K 10 6 5 2	
WEST		EAST (D)
♠ K Q 9 8 5		♠ 7 6 3 2
♡ K 6		♡ J 10 9
◇ A Q 10 8 3 2		◇ J 5 4
♣ —		♣ 3 8 4
	SOUTH	
	♠ A	
	♡ A Q 7 5 2	
	◇ K 6	
	♣ A Q 9 7 3	

Neither side was vulnerable. The bidding:

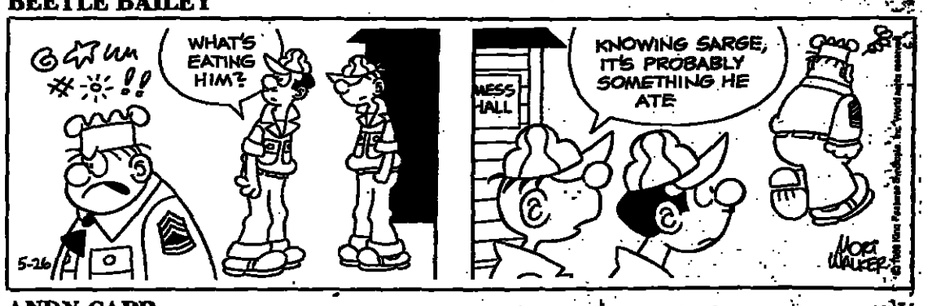
East	South	West	North
Pass	1 ♡	2 ◇	2 ♡
Pass	4 ♡	4 ♠	Pass
Pass	5 ♣	Dbl.	Pass
Pass	Pass		

West led the spade king.

PEANUTS



BEETLE BAILEY

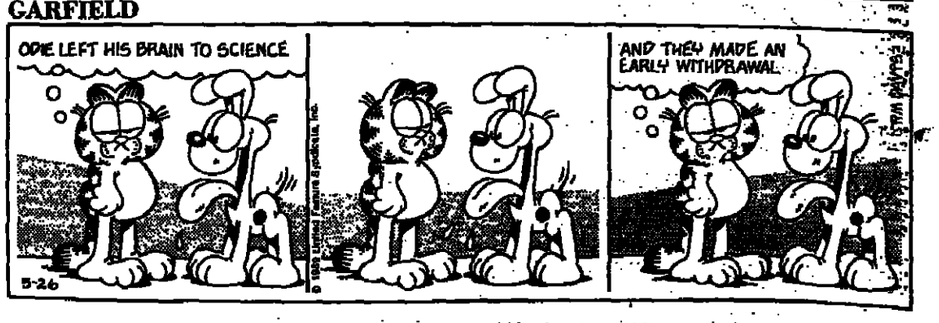


ANDY CAPP

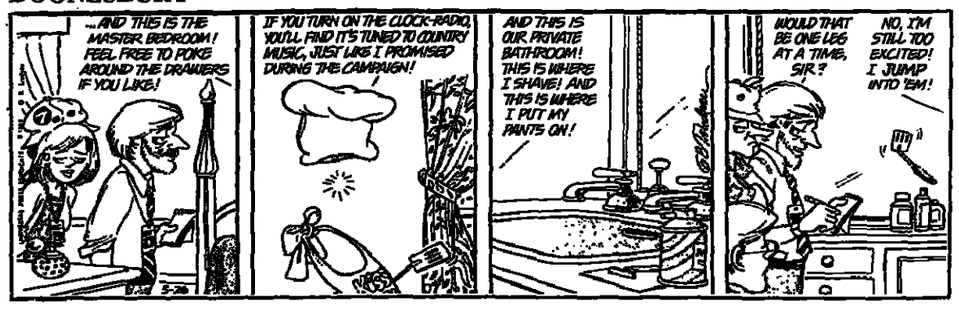
WIZARD of ID

REX MORGAN

GARFIELD



DOONESBURY



DENNIS THE MENACE

JUMBLE® THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

KECHE

LOBEN

SEWBOT

NAIVED

ANOTHER THING THAT PEOPLE ARE ALWAYS SPILLING.

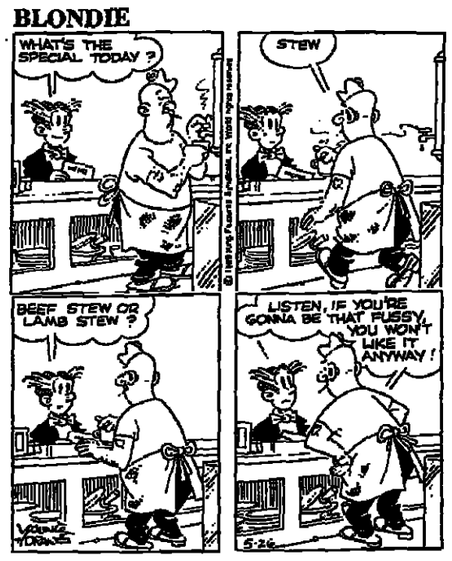
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: _____

(Answers tomorrow)

Yesterday's Jumbles: CROSS GULLY DENTAL BANNER
Answer: What the dynamiters' annual shindig was— A REAL BLAST

BLONDIE



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30 Years Ago, Baseball's Most Perfect Game

The Associated Press

PITTSBURGH — Thirty years ago Friday, it was a truly perfect night for baseball in Milwaukee's County Stadium.

On May 26, 1959, Harvey Haddix retired the first 36 hitters he faced, pitching 12 oh-so-perfect innings before losing in the 13th in one of the most bizarre finishes the sport of major league baseball has ever seen, when Joe Adcock's three-run home run was turned into a one-run double.

"I still remember it like it was yesterday, because it was a 'perfect' perfect game," said Bob Skinner, the Pittsburgh Pirates' left fielder that night. "Harvey had unbelievable control. He was behind in the count to only one batter the whole game. It was just phenomenal."

ElRoy Face, who finished with an 18-1 record that season, the best mark ever recorded by a relief pitcher, said, "I didn't get off the bench all night. I was watching history. I was watching the greatest game ever pitched."

As storm clouds hovered over Milwaukee and lightning crackled across the spring sky, the left-handed Haddix was electrifying, even though pitching with the flu and a sore throat. Between innings, he ducked into a dugout runway and sucked on throat lozenges and cigarettes.

"The Kitten," as he was called, mixed his fastball and slider to retire batter after batter from the the Braves' lineup that included Henry Aaron, Eddie Mathews and Adcock, who among them hit 1,562 homers in the major leagues.

"Every batter it was zip, zip — two strikes," said Haddix, now 63 and a farmer in South Vienna, Ohio. "I've had a lot better stuff than that night, but I never had control like that."

"He pitched in on the fists all night and broke quite a few bats," said catcher Smokey Burgess.

But in the 13th, the Braves broke Haddix's heart.

The perfect game — the only one of the 13 perfect games in the 113 years of major league baseball that went extra innings — ended when third baseman Don Hoak threw wildly on light-hitting Felix Mantilla's routine grounder opening the bottom of the 13th. Most of the crowd of 19,194, which had sat entranced through the 2-hour, 54-minute drama, groaned.

Mathews bunted Mantilla to second and the Pirates' manager, Danny Murtaugh, ordered Haddix to intentionally walk Aaron. It was the game's only walk.

Up next was the powerful Adcock, standing 6 feet, 4 inches (1.93 meters) and 210 pounds (95 kilograms) to Haddix's 5-9 and 155.

Haddix had worked his slider away to Adcock all night. But this one he got out and over the plate. And Adcock, trying to line the ball into right field, drove it over the chain-link fence in center field. A fan jumped out of the stands, grabbed the ball and took off, never to be seen again.

Mantilla scored. But Aaron, thinking that Adcock's drive had bounced over the wall for a ground-rule double instead of a homer, cut across the diamond and Adcock passed him on the base path. Adcock was ruled out, while Aaron returned to the field and touched third and home. The final score was ruled to be 2-0.

The following day, the National League's president, Warren Giles, correctly ruled that both Adcock and Aaron should have been called out and changed the score to 1-0.

Haddix, initially, didn't know whether to cry or celebrate, so he did neither.

"The reporters flocked around my locker," he said. "I don't know where they came from, because they didn't cover the teams back then like they do now. I didn't know until then I had had a perfect game. I knew I had a no-hitter, but I thought they might have gotten a walk somewhere.

"I didn't know that nobody else had ever pitched a game like that."

Thirty years later, no one else still has.

"It was a damn shame he lost the game," said the winning pitcher, Lew Burdette. "I called him up in the clubhouse and told him I scattered my 12 hits and he bunched his one, but he hung up on me. Later, he called me over and had me say it again in front of a bunch of writers.

"Harvey and I are good friends, and I've thought a lot about it since. I'm sorry as hell he didn't win it."

"The Greatest Game of All Time," as more than one newspaper headline put it, was big news for days. But Haddix didn't make a cent off it. The Pirates didn't give him a raise that season, and he turned down his one and only offer: $500 to appear on the Ed Sullivan Show.

His next start was delayed a day so he could pitch in Pittsburgh, and a sellout crowd in Forbes Field watched as the team's owners, John and Dan Galbreath, gave Haddix a sterling tea service.

But there was no no-hit suspense as the leadoff batter for the St. Louis Cardinals, Don Blasingame, singled. Haddix did pitch a 3-0 shutout en route to a 12-12 record that year. He finished with a 136-113 mark in the majors and won twice during the Pirates' improbable 1960 World Series upset of the New York Yankees.

Harvey Haddix in 1959. A teammate said: 'I was watching the greatest game ever pitched.' The opposing pitcher said: 'I'm sorry as hell he didn't win it.'

For nearly two decades after retiring in 1965 he was a pitching coach. Now he is selling his farm and moving to nearby Springfield, Ohio. He will be honored before the Pirates-Houston Astros game Friday night in Three Rivers Stadium.

Interestingly, Haddix still remembers Adcock as the opposing player who most influenced his career.

In 1954, Adcock lined a shot off Haddix's knee when he was pitching for St. Louis, damaging a nerve and his chances for a 20-victory season. The injury altered Haddix's pitching style for the rest of his 14-year career.

"I was never the same after that," Haddix said. "I just wasn't right."

Except for that one perfect night to remember.

Astaphan Says He Suspected Johnson of Lying at Olympics

The Associated Press

TORONTO — Dr. George (Jamie) Astaphan said Thursday that he suspected sprinter Ben Johnson was lying when he said he didn't take any steroids before his Olympic race.

Astaphan also testified at the Canadian government inquiry into the use of performance-enhancing drugs by athletes that he started steroid treatments for top Italian sprinter Pier Francesco Pavoni in 1987.

Astaphan, who was Johnson's doctor for nearly five years, was recalling the events that led up to the positive test for the anabolic steroid stanozolol, and Johnson's disqualification from the Games after winning the 100-meter dash in world record time.

"I said, 'Did you take any pink tablets from anyone?' " said Astaphan, who has admitted providing anabolic steroids to Johnson since 1984. "From the look on Ben's face, I knew he was lying."

He added: "What I was saying is he had a sheepish look ... as though he had done something."

Astaphan told the inquiry that he had injected Johnson with the steroid furazabol as late as Aug. 28.

He said he didn't believe Johnson's coach, Charlie Francis, when he called with the news of a positive test.

"I thought Charlie was just up to some hijinks," Astaphan said. "He said he wasn't kidding. I told him that's impossible."

Earlier, Astaphan said Johnson and other Canadian track and field stars went on a crash program of banned substances to build them up for the Seoul Games.

Astaphan, in his second day of testimony, said that Johnson, sprinters Angella Issajenko and Dessi Williams and hurdler Mark McKoy needed steroids and human growth hormone, both banned, to regain their strength after a rigorous summer schedule.

He said the drug program began on Aug. 23 and ended Sept. 2 — only three weeks before Johnson's disqualification in Seoul.

Why did they take banned substances so close to the Olympics? asked commission counsel Robert Armstrong.

"The rationale was they'd just completed a very strenuous trip" in Europe and needed "rehabilitation and rebuilding," Astaphan said.

He said he met Pavoni at the 1987 World Track and Field Championships at Rome, and that Pavoni asked to "go on a program like the Canadian sprinters."

Pavoni, who was previously mentioned at the inquiry, has denied seeing Astaphan for steroids.

But the doctor said he gave him two injections of a vitamin B mixture and furazabol in the fall of 1987 in Italy and another couple of injections after Pavoni came to Canada to train.

"I left him a bottle" of furazabol "in Italy and he brought that with him to Canada," Astaphan said.

Astaphan, who spent most of his time on his native Caribbean island of St. Kitts, said he discussed with Pavoni how he would get shots in his absence.

"He said he would get the shots from one of the guys," Astaphan said, adding that he learned later it was from Canadian national team masseur, Waldemar Matuszewski.

Matuszewski told the inquiry earlier that the substance with which he injected Pavoni was a vitamin B mixture.

Astaphan said Pavoni agreed to pay him a retainer of $5,000 to $6,000 monthly as well as expenses.

"They still owe me $9,000 or $10,000 for airfares," he said.

Astaphan said he went to Budapest in February 1988 to treat Pavoni for a hamstring injury and then went on with him to Italy.

Hans Deyk/The Associated Press

Dr. George (Jamie) Astaphan at hearing: 'He had a sheepish look.'

David Tulis/Reuters-UPI

Bobby Bonilla, who had fouled a ball off his foot, was joined in a little dance at the plate by the Braves' catcher, Bruce Benedict. But in the 14th inning, the Pirates waltzed away with a 4-1 victory.

Woebegone Orioles Of '88 Are Perched Atop AL East Now

Compiled by Our Staff From Dispatches

It's not a typographical error. The Baltimore Orioles are on top of the American League East.

Sure, it is currently the weakest division and the Orioles are only tied with Boston at .500. But these Orioles were easily the worst team in baseball a year ago.

They lost their first 21 games. Earlier than any other team ever has, they said, "Wait until next year."

Next year is here and the Baltimore manager, Frank Robinson, is having trouble holding back the enthusiasm of his young team. A number of things are going right.

For instance, the Orioles were short a starting pitcher Wednesday night, so they sent Jay Tibbs out to face the White Sox in Chicago.

Tibbs, who was working on a 10-game losing streak, pitched a strong six innings as the Orioles won, 8-0. Mickey Tettleton hit his 10th home run and Phil Bradley got three hits.

After beating Texas on July 9, Tibbs had lost nine consecutive starts and a relief appearance as the Orioles totaled 107 defeats.

Tibbs's success typifies the Orioles' change in fortune. Even when they have trouble scoring runs, they get solid pitching from some young arms.

Mark Williamson allowed one hit over the final three innings Wednesday for his fifth save and the Orioles, who won only nine of their first 44 games a year ago, evened their record at 21-21. The team did not win its 21st game in 1988 until June 24.

In their last eight games, Baltimore pitchers have a 1.60 earned run average, the team's best performance over an eight-game stretch since Aug. 30-Sept. 7, 1982.

Meanwhile, the loss was the sixth straight for the White Sox, who were swept in a six-game stand at home for the first time since May 1986.

Red Sox 6, Mariners 5: Wade Boggs went three-for-three with two doubles and a single, scored two runs and drove in one in Boston.

Boggs, nursing a pulled hamstring and battling a slump, raised his average from .288 to .301. He doubled in a run and Jim Rice singled in one in the fifth, the latter proving to be the decisive run.

Angels 11, Yankees 4: In New York, rookie Jim Abbott won his second straight, Johnny Ray drove in four runs and Lance Parrish and Chili Davis homered as California won for the 14th time in 18 games.

Don Mattingly had four hits for the Yankees, including his first home run of the season. Mattingly had gone 171 at-bats since his last homer on Sept. 29, 1988.

Athletics 6, Brewers 2: Mike Moore pitched a five-hitter over eight innings and Stan Javier's two-run triple keyed a four-run third as Oakland triumphed in Milwaukee.

Royals 6, Rangers 4: In Arlington, Texas, Frank White went three-for-four and drove in the go-ahead run with a fourth-inning double, helping Kansas City break a six-game losing streak.

Twins 10, Blue Jays 4: Kirby Puckett paced Minnesota's 13-hit offense with his second four-hit game this season and his 30th in the majors, driving in three runs and scoring two in Toronto. Puckett singled three times and doubled in six at-bats.

Tigers 2, Indians 1: Lou Whitaker's 10th-inning single over a drawn-in outfield scored Gary Pettis with the winning run in Detroit.

Pettis led off the 10th against Scott Bailes with a ground ball up the middle that second baseman Luis Aguayo deflected into shallow center field and Pettis stretched it into a double.

Reds 5, Cardinals 0: In the National League, Tom Browning scattered eight hits in Cincinnati to win his first game in a month. Barry Larkin drove in two runs with two triples and Chris Sabo hit his second home run in two nights.

Pirates 4, Braves 1: A 1-1 tie in Atlanta lasted seven innings after R.J. Reynolds's infield out scored Andy Van Slyke in the seventh.

But the Pirates broke loose in the 14th. Glenn Wilson hit a two-run double to break the tie and hand the Braves their fourth loss in a row and ninth in 11 games. They have scored only 10 runs in their last 85 innings.

Cubs 3, Astros 1: Greg Maddux and Mitch Williams combined on a nine-hitter and Shawon Dunston stroked a two-run single to lead Chicago's sweep of the three-game series in Houston.

Expos 1, Giants 0: Kevin Gross pitched a five-hitter and Hubie Brooks drove in the only run with a sacrifice fly in San Francisco.

Gross struck out 11 and walked four in his best performance since Montreal obtained him in an off-season trade with Philadelphia. He out-dueled the Giants' starter, Don Robinson, who gave up only three hits in seven innings.

Mets 3, Padres 0: Kevin McReynolds and pinch-hitter Mark Carreon hit home runs to lift the Mets to victory in San Diego.

Dodgers 4, Phillies 2: In Los Angeles, Kirk Gibson came off the disabled list to hit a tie-breaking home run in the fourth inning and Tim Leary won for the first time in more than a month. *(LAT, AP, UPI)*

BASEBALL ROUNDUP

Pitino Ponders Kentucky Job

New York Times Service

LEXINGTON, Kentucky — Rick Pitino, the coach of the New York Knicks of the National Basketball Association, said Wednesday afternoon that he had been offered the job coaching the University of Kentucky's basketball team.

He said he had discussed a contract with the athletic director, C.M. Newton.

Pitino said that he and his wife would return to New York and that he would announce his decision Monday.

Astaphan Says He Was Recruited Twice to Work With Lewis

By Michael Janofsky
New York Times Service

TORONTO — Jamie Astaphan has testified at the Canadian inquiry that he was recruited twice last summer to work with Carl Lewis, sprinter Ben Johnson's archrival from the United States, and other members of the Santa Monica Track Club in California.

But that contention and others were denied emphatically in telephone interviews by Jack Scott, the physical therapist who, Astaphan said, had approached him, and by Lewis's manager, Joe Douglas.

Scott, in fact, said that Astaphan had it backward, that Astaphan at one time asked Scott to introduce him to Lewis. Scott quoted Astaphan as saying, "If I could do for Carl what I did for Ben, it wouldn't even be close."

Astaphan's recollection of his encounters with Scott came Wednesday near the end of his first day as a witness before the Canadian government inquiry.

Astaphan testified that he first met Scott in June on St. Kitts, a Caribbean island, when Johnson was undergoing rehabilitation for a leg injury.

Scott, who had worked with scores of athletes, including Lewis, had approached the Johnson camp, offering the services of a machine that sends electrical impulses into muscles to stimulate healing.

Astaphan said he determined that the machine might help, so he invited Scott and his associate, Doug Casey, to the island.

It was only during the third day of a planned weeklong program, Astaphan said, that he learned Scott had any association with Lewis. A picture showing Lewis using the machine had fallen out of Casey's bag, Astaphan testified. From then on, he said, he was suspicious of the pair.

"That explained why he kept asking me: 'What is Ben on? What is Ben on? What is Ben on?' " Astaphan testified.

Scott denied the allegation, saying from his home in Berkeley, California, "I never asked on one occasion what Ben was on."

Astaphan said he next saw Scott about a month later at the Canadian national track and field championships in Ottawa, where, he testified, Scott first approached him about working with the Santa Monica group.

Astaphan said Scott repeated his entreaty two weeks later in Zurich, where Johnson and Lewis ran in the same race.

"He said they had expressed an interest in working with me," Astaphan said, referring to Scott and the Santa Monica athletes. "I ignored him."

Scott and Douglas said Astaphan had it all wrong.

"I don't have the kind of relationship with the Santa Monica Track Club that I would be in a position to recruit someone if I wanted to," Scott said.

"Besides, Astaphan would be the last guy I would introduce anyone to. He had a reputation for giving out anabolic steroids and other illegal drugs, and his record speaks for itself."

Douglas, the president of the Santa Monica club, said from his office in Santa Monica that Scott "does not represent the club," adding that if "anyone would have approached anybody, it would be me."

Scott disagreed with other elements of Astaphan's testimony, including Astaphan's appraisal of the machine's effectiveness. Astaphan said it provided Johnson "more of a mental trip than a muscular jolt."

Scott said, "Then why did Ben take it back to Toronto with him and use it on a daily basis?"

SCOREBOARD

BASEBALL

Major League Standings

AMERICAN LEAGUE

East Division	W	L	Pct.	GB
Baltimore	21	21	.500	—
Boston	21	21	.500	—
Cleveland	23	23	.477	1
New York	20	23	.465	1½
Detroit	18	25	.419	3½
Milwaukee	18	25	.419	3½
Toronto	18	27	.400	4½
West Division				
Oakland	30	15	.667	—
California	29	15	.659	½
Kansas City	26	19	.578	4
Texas	24	19	.558	5
Seattle	23	23	.500	7½
Minnesota	21	23	.477	8½
Chicago	17	28	.378	13

NATIONAL LEAGUE

East Division	W	L	Pct.	GB
Chicago	25	19	.568	—
New York	23	19	.548	1
St. Louis	22	21	.512	2½
Montreal	22	23	.489	3½
Philadelphia	18	24	.429	6
Pittsburgh	18	24	.429	6
West Division				
Cincinnati	25	18	.581	—
San Francisco	24	20	.545	1½
San Diego	24	23	.511	3
Los Angeles	21	21	.500	3½
Houston	21	24	.467	5
Atlanta	19	26	.422	7

Wednesday's Line Scores

AMERICAN LEAGUE

Seattle 000 120 200—5 9 0
Boston 202 020 20x—6 10 1
Hanson, Powell (5), Jackson (7) and Bradley; Boddicker, Stanley (7), L.Smith (9) and Gedman. W—Boddicker, 3-4. L—Hanson, 4-4. Sv—L.Smith (5).

Cleveland 001 000 000 0—1 4 0
Detroit 000 001 000 1—2 8 0
Candiotti, Orosco (7), Balles (10) and Allanson; Skinner (10), Alexander, Hennemon (8), Hernandez (10) and Nokes. W—Hernandez, 2-1. L—Balles, 1-2.

Minnesota 300 040 001—10 13 2
Toronto 200 001 000—4 9 2
Viola, Wayne (7), Shields (9), Reardon (9) and Laudner; Marcelo (4); Flanagan, Wills (1), Bulce (5), Henke (6), D.Ward (9) and Brenly. W—Viola, 2-6. L—Flanagan, 3-4.

California 120 020 105—11 12 0
New York 001 011 100— 4 12 1
Abbott, Petry (6), McClure (7), Minton (7) and Parrish; Dotson, Cary (5), McCullers (7), Guetterman (8) and Geren. Slaught (7). W—Abbott, 4-3. L—Dotson, 1-2. Sv—Minton (5). HRs—California, Parrish (5), C.Davis (6). New York, Mattingly (1).

Baltimore 010 100 015—8 10 0
Chicago 000 000 000—0 5 1
Tibbs, Williamson (7) and Tettleton; King, Thigpen (8) and Merullo. W—Tibbs, 1-0. L—King, 4-5. Sv—Williamson (5). HR—Baltimore, Tettleton (10).

Oakland 104 000 100—6 13 0
Milwaukee 000 200 000—2 5 3
Moore, Honeycutt (9) and Steinbach; Birkbeck, Knudson (3), Aldrich (7), Crim (9) and O'Brien. W—Moore, 5-3. L—Birkbeck, 0-2. HR—Milwaukee, Deer (12).

Kansas City 001 220 000—4 7 1
Texas 201 000 100—4 10 1
Saberhagen, Gordon (7) and Boone; Mayer, McMurtry (4), Mielke (7), Guante (8) and Petrolli, Sundberg (7). W—Saberhagen, 4-4. L—Mayer, 3-4. Sv—Gordon (1). HR—Kansas City, Jackson (12).

NATIONAL LEAGUE

St. Louis 000 000 000—0 3 0
Cincinnati 200 010 11x—5 9 1
Hill, DiPino (5), Carpenter (7), Dayley (8) and Pena; Browning and Reed. W—Browning, 4-4. L—Hill, 2-3. HR—Cincinnati, Sabo (2).

Chicago 000 201 000—3 5 0
Houston 000 000 001—1 9 0
G.Maddux, Williams (9) and Berryhill; Knepper, Forsch (6), Darwin (8) and Trevino. W—G.Maddux, 3-5. L—Knepper, 2-6. Sv—Williams (12).

Pittsburgh 000 000 100 000 02—4 10 2
Atlanta 000 100 000 000 00—1 9 1
Walk, J.Robinson (8), Kipper (8), Kramer (10), Landrum (12) and Ortiz, Prince (8); Lilliquist, Alvarez (7), Assenmacher (8), Bedrosian (11), Acker (13) and Benedict, J.Davis (9). W—Landrum, 1-1. L—Acker, 0-2.

Philadelphia 010 000 000 001—2 7 0
Los Angeles 001 110 102—5 7 0
McWilliams, G.A.Harris (7) and Daulton; Leary, J.Howell (9) and Scioscia. W—Leary, 3-3. L—McWilliams, 2-4. Sv— J.Howell (7). HRs—Philadelphia, Dw.Murphy (11). Los Angeles, Gibson (3), Hamilton (3).

New York 000 010 110—3 7 0
San Diego 000 000 000—0 8 2
Darling, Aguilera (7) and Lyons; Hurst, G.W.Harris (8) and Santiago. W—Darling, 3-3. L—Hurst, 4-3. Sv—Aguilera (2). HRs—New York, Carreon (1), McReynolds (5).

Montreal 100 000 000—1 5 0
San Francisco 000 000 000—0 5 1
K.Gross and Pevey; D.Robinson, Gossage (8) and Kennedy, Manwaring (8). W—K.Gross, 5-3. L—D.Robinson, 2-4.

CYCLING

Tour of Italy

FIFTH STAGE
(Cosenza to Potenza; 275 kilometers/171 miles)
1. Stefano Giuliani, Italy, eight hours, 20:49 minutes; 2. Maurizio Fondriest, Italy, 44 seconds behind; 3. Phil Andersen, Australia, same time.

OVERALL STANDINGS
1. Silvano Contini, Italy, 21 hours, 14:16 minutes; 2. Acacio Da Silva, Portugal, 11 seconds behind; 3. Flavio Giupponi, Italy, 15 seconds; 4. Maurizio Fondriest, Italy, 20; 5. Erik Breukink, Netherlands, 23.

TRANSITION

BASEBALL
American League
BOSTON—Put Wes Gardner, pitcher, on 15-day disabled list. Called up Eric Hetzel, pitcher, from Pawtucket, International League.
NEW YORK—Sent Ron Guidry, pitcher, to Columbus, International League, on 20-day rehabilitation assignment.
OAKLAND—Put Storm Davis, pitcher, on 21-day disabled list. Called up Jim Corsi, pitcher, from Tacoma, Pacific Coast League.
National League
CINCINNATI—Suspended Rob Dibble, pitcher, for two days without pay for throwing a bat against home-plate screen during game on May 21. Put Manny Trillo, infielder, on waivers.

FOOTBALL
National Football League
N.Y. GIANTS—Signed Travis Wolfington, linebacker.

HOCKEY
National Hockey League
N.Y. RANGERS—Signed Mike Hurlbut, defenseman.

COLLEGE
BENTLEY—Peter Mariani, assistant track coach, resigned.
COLUMBIA—Named Jacqueline Blackett women's track and field and cross-country coach.
GEORGIA—Lewis Gainey, track and field coach, resigned to become coliseum and athletic events coordinator for Georgia Athletic Association.
GEORGIA COLLEGE—Applied for membership in the NCAA.
NEVADA (LAS VEGAS)—Named Joe Lee Dunn assistant football coach.
NEW MEXICO—Named Gary Nass athletic director.
SOUTH CAROLINA STATE—Named Benjamin Blacknall, Earl Humesate, Kermit Blount, Nick Calcutta, Gary Harper and Ronald Hook, assistant football coaches.
SOUTHWEST TEXAS STATE—Named Linda Sharp women's basketball coach and assistant athletic director.
WEBER STATE—Named Richard Hannon athletic director.

TRACK AND FIELD
ATHLETIC CONGRESS—Reprimanded Mark Witherspoon and Floyd Heard, sprinters, for not competing for U.S. team in World Games last March and declared them ineligible for TAC financial aid for one year, retroactive to March.

SOCCER

WORLD CUP QUALIFYING
Malaysia 1, Singapore 0
South Korea 9, Nepal 0

CRICKET

ENGLAND vs. AUSTRALIA
(One Day International)
(In Manchester)
England 231-9, 55 overs.

'92 Super Bowl Set for Minneapolis Metrodome

New York Times Service

NEW ORLEANS — The Metrodome in Minneapolis was chosen Wednesday as the site of Super Bowl XXVI in 1992.

The vote tally, taken at the National Football League owners' spring meeting, was not disclosed. When in the early balloting no applicant could get the 21 votes required by the NFL constitution, the club owners suspended their rules and voted by a simple majority for the coldest city in the league.

They had committed to a northern, dome stadium several years ago. Pontiac, Michigan, home of the Detroit Lions, finished second followed by Seattle and Indianapolis.

This will be the first Super Bowl for Minneapolis. The fact that Pontiac had been the host of the Super Bowl before, in 1982, swayed the final voting in Minneapolis's favor.

The Super Bowl will take place in New Orleans in 1990 and in Tampa, Florida, in 1991.

The development of the NFL's new spring league and the search for a commissioner to replace the retiring Pete Rozelle were two primary matters discussed at the meeting.

Research on the Worldwide American Football League continues to be compiled by a committee headed by Dan Rooney, president of the Pittsburgh Steelers.

He said his committee was given 90 days to determine what cities would have teams, where players would come from and what role television would play. Rooney said the committee was confident that play could begin next spring.

Tex Schramm, president of the new league, left for Frankfurt to begin a five-city, seven-day European trip. He also will visit Paris, Madrid, Milan and London.

Earlier, he said six teams might come from the United States, four from Europe and one each from Montreal and Mexico City.

"One thing we can say for certain is that New York will get a team," Schramm said. "New York is special. At least, that's what the TV people and the advertising agencies keep telling me."

The number of candidates for commissioner has been trimmed to 11, and speculation continues that among them are:

Paul Tagliabue, a Washington lawyer who has represented the league in various legal functions; James Finks, the New Orleans Saints' general manager; Peter Ueberroth, former president of the Los Angeles Olympic Organizing Committee and former baseball commissioner, and Jack Kemp, secretary of Housing and Urban Development.

The search committee hopes to have no more than four candidates by late June and to have the new commissioner in place before the first preseason game in August, according to Wellington Mara of the New York Giants and Lamar Hunt of the Kansas City Chiefs, the committee's cochairmen and the presidents of the National and American conferences.

For approval, the new commissioner must gain the votes of at least 19 of the 28 team owners.

Simpson Fined for Beating

The Associated Press

LOS ANGELES — O.J. Simpson, the former Heisman Trophy winner and National Football League star, must pay $700, perform 120 hours of community service and continue psychiatric counseling for his no contest plea to wife beating, a judge ruled Wednesday.

Simpson, 41, who did not appear in municipal court here, also was placed on probation for two years. On Monday, he entered a plea of no contest to one count of spousal battery. The maximum sentence is a year in prison and a $1,000 fine.

Simpson allegedly screamed "I'll kill you" as he slapped and kicked his wife of four years, Nicole, in a predawn New Year's Day argument. A police report indicated that Mrs. Simpson's face was bruised and scratched, but that she did not require medical treatment.

"O.J. just decided it was in everybody's best interest not to contest the charges any longer," said Howard Weitzman, his attorney.

AP

Simpson: No contest plea.

OBSERVER

The City of Darkness

By Russell Baker

NEW YORK — Has anybody else noticed that New York City is getting darker and darker? If somebody doesn't stop those wonderful people who keep the local builders reaching for the stars, the city will soon be known as the land of the midnight noon.

Of course there were always streets where the sun never shone. ("Always" in New York lingo means 15 to 20 years ago.) I once had a second-floor apartment surrounded by buildings so tall that it was like living at the bottom of a mine shaft.

Buried in this pit, you woke up in the morning unable to tell whether the sun was shining or tornados were whirling in from Hackensack, New Jersey.

Living in that eternal bleakness, I understood why New York radio stations recited the outside weather situation with relentless monotony: Without radio help, people living in apartments like ours couldn't tell how to dress when they went outside.

□

In those days, though monster buildings lurked throughout Manhattan, they were scattered widely enough for a street-smart New Yorker to tread safe and cheery paths through the city, just as jungle natives move cheerfully along familiar paths that would terrify a New Yorker suddenly set down among dense leaves and pythons.

One such pile, 30 or 40 stories high at the corner of Sixth Avenue and 45th Street, could transform a zephyr into winds brutal enough to flatten any pedestrian so arrogant as to challenge its hegemony without bracing for combat.

Running for daylight, we found a third-floor apartment in a low-skyline district. (These were the days when there were still apartments to be had in Manhattan without dishonoring yourself.)

There the only blot on the sky was an immense, blocky, brick apartment building, 20 or so stories high, with the earnestly graceless look of 1930s British architecture. It called itself the Cézanne, possibly because it spent much of every day hogging the sunlight with such artistic intensity that its neighbors had to be content with its shadow.

Though hardly a syscraper, the Cézanne had a personal weather pattern as savagely tricky as the east side of Everest. Or is it the other side of Everest? No matter. After many a battering by gale and hurricane wind on its treacherous corners, I finally prided myself on being able to get around it, reach the newsstand and get safely home again with the papers without losing an umbrella or getting my shoes flooded.

□

The trick involved being aware of the season, knowing the barometric pressure at St. John's, Newfoundland, and checking the phase of the moon.

With this information digested, one could hazard a fairly good guess about whether to navigate its north or south side, how close one could come to the northeast corner without being blown onto reefs, and whether the ruined downspout at the southwest corner was likely to be in a mood to do murder by drowning.

If I seem to speak of all this with sentimental, loving and tolerant nostalgia, it is not only because I believe newspaper columnists should quit addressing the public in the style of Savonarola, but also because it was a genuinely sun-filled era in New York.

Between the monster buildings embodying the bestial instincts of money-crazed real-estate speculators and the architects they corrupted, there was ample space where sunlight fell.

Indeed, some of the monsters were glorious, not bestial at all, and there was space then where New Yorkers could step back into the sunlight, gaze up and let Big Apple chauvinism suffuse their spirit.

□

The old open patches of sunlight are now going dark. Everywhere, monsters are being hurled up toward what we once thought of as Heaven but now regard as the eyrie of tax swindlers, finaglers and similar people.

This darkening of the city is commonly attributed to Mayor Edward I. Koch's encouragement of the real-estate and construction boom. Combined with the Wall Street orgies of Reagan days, it turned Manhattan into the home office of grotesque excess and now threatens to put us in the pits.

It's dark down here, Ed. Getting dark all over. Ed, your campaign posters should hail you as "The Prince of Darkness."

New York Times Service

The Sudden Fame of Steven Soderbergh

By Vincent Canby
New York Times Service

Agence France-Presse

Steven Soderbergh with Palme d'Or for "Sex, Lies and Videotape"; James Spader, voted best actor, in scene from the film.

CANNES — It was 2 A.M. in the nearly empty bar of the Majestic Hotel, many hours after the close of the 42d Cannes film festival Tuesday night, though the night hadn't ended. The center of attention at a corner table was Steven Soderbergh, the 26-year-old American who had just become the youngest director ever to win the Palme d'Or.

Soderbergh's first film, "Sex, Lies and Videotape," an unpretentious, charming, uncommonly witty comedy, edged out films by such impressive *auteurs* as Italy's Ettore Scola, Japan's Shohei Imamura, France's Bertrand Blier and Yugoslavia's Emir Kusturica.

Unlike the rest of us at the table, Soderbergh appeared fresh, his dress suit unwrinkled, eyes clear behind glasses. The other black ties were at the random tilt of plane propellers. His was firmly in place, parallel to the floor.

No, he said, he hadn't yet been contacted by any of the Hollywood superagents. "I'm perfectly happy where I am." Yes, he said, he was pleased. Though he didn't say it, he was also possibly bewildered. What had just happened to him is every young director's second wildest dream — the first is winning the Oscar.

It was a bit spooky watching Soderbergh as people stopped by with handshakes and congratulations. Suddenly everyone was on a first-name basis with him. Six months ago he was known only to his family and friends.

When the festival first invited "Sex, Lies and Videotape," the film was placed out of competition as "a nice small comedy." Only later was it upgraded to the main competition.

In the space of a few days, people have begun to treat its director as if he were Wim Wenders, the German director, or Steven Spielberg. What do all of these effusive words and new friendships have to do with moviemaking? That is, with whatever it is one wants to express by making movies?

A film as imaginative, keenly observed and carefully made as "Sex, Lies and Videotape" was not conceived simply to make money. The pressures facing Soderbergh are immense. His film takes its place alongside such Cannes winners as Fellini's "La Dolce Vita" and Visconti's "The Leopard." Inevitably there will be a backlash. All that remains to be seen is how destructive it will be.

Soderbergh seemed to be keeping his head at the Majestic bar. "People are learning how to spell my name now," he said. "They usually drop off the 'b'."

All in all, tacky is the best way to describe much of what happens at this otherwise prestigious event — strange, since France invented style. The musicians who serenade gawkers and guests outside the Festival Palace sound like a down-on-its-luck mariachi band with aspirations to play polkas. Inside the palace, the behavior of the members of the formally dressed audience can be appalling. Throughout the screening of "A Cry in the Dark," one man kept in touch with his office by beeper-phone.

The tackiness all comes together at the closing night awards ceremonies, which are, however, short. This year Bo Derek, on stage to assist in the presentation of an award, obviously grew bored as her partner talked. Apparently unaware that she was on camera, she riveted attention as she began to massage the skin under her eyes, making sure that nothing sagged while she was upright.

The awards themselves prompted much speculation about the probable reasons the jury snubbed Spike Lee. His "Do the Right Thing," a mixture of music, comedy, melodrama and Black Power polemics, was one of the liveliest, most original, most entertaining films in the festival, and certainly the only one with any claim to being controversial. It drew mostly favorable reviews from the members of the European and American press and it inspired the kind of argument and introspection that make a festival something more than one long tasteful snooze.

To many people it seemed a movie that would appeal to Wenders, president of the jury, and to his colleague, also a jury member, Peter Handke, the Austrian-born novelist and screenwriter who works and lives in West Germany. Both are mavericks. Not taken into account was the fact that they are also the collaborators who made "Wings of Desire," a most formal film with a strong sentimental streak.

It now appears that we were reading the jury all wrong. According to a source who was there, "Do the Right Thing" was never a serious contender. Only two jury members fought for it, Sally Field, the actress, and Hector Babenco, the Brazilian director who has most recently been working in the United States.

The other jury members, seven Europeans and one French Canadian, did not dig it, though certainly not for xenophobic reasons. Americans, after all, walked off with half of the festival prizes. It seems more likely to have been a matter of aesthetics. "Do the Right Thing" ends on a note of muddle that, I suspect, goes against the grain of people who require art to be an expression of a clearly defined moral sensibility. The Lee film will also be read as politically dangerous, though that is to give movies more credit than they deserve. Movies seldom incite anyone to riot who wasn't ready to riot anyway. It's the context in which they are seen that is dangerous.

The Japanese presence at this festival went considerably beyond that of Shohei Imamura, who attended the official showing of his contemplative epic, "Black Rain," and then departed. It was Japanese money, supplied by the JVC Company, that financed Jim Jarmusch's "Mystery Train."

Late last year, Japanese interests bought the Inter-Continental hotel chain, operator of the Carlton, the great, 350-room, 80-year-old wedding-cake of a hotel that still dominates the Croisette, though not the festival.

Before the construction of the new Festival Palace near the old port of Cannes, the Carlton was the only place to stay during the festival. It was a three-minute walk from the old Festival Palace. In those days it was virtually impossible to obtain a table on the Carlton terrace without having an Oscar, a pending three-picture deal with Metro, a fat wallet or staggering beauty.

A lot of those customers have shifted to the Majestic, the hotel across the street from the new palace, and which is almost as handsome as the Carlton, though the marble walls in the bar have the feel of Formica.

The Carlton still gets its share of the carriage trade, if a society that worships the rented Rolls-Royce can be called that. The people who have remained faithful to the Carlton now have a 10-minute walk along the Croisette to the Festival Palace. But the Carlton doesn't intend to depend on the faithful. It is in the midst of a $24-million facelift.

PEOPLE

Is the World Ready For Elvis Perfumes?

A line of Elvis Presley men's perfumes will be launched worldwide on Jan. 8, which would have been the late singer's 55th birthday. Frances Denney Companies Inc. of New York and Lynchburg, Virginia, acquired the licensing rights to Elvis's name from Graceland Enterprises of Memphis. The price was not disclosed. Presley died in 1977.

□

Myung-Whun Chung, 36, was appointed musical director for the Bastille Opéra in Paris on Thursday. He has a five-year contract.

□

Donald Trump, 42, the New York developer, says in Fame magazine that the secret of his success is in his genetic stock. "To me the single most important thing — and this is unfortunate because this is saying that maybe you either have it or you don't — are the genes," he said. There are rumors in New York that Trump wants to enter some Republican presidential primaries in 1992.

□

Barbara Bush was reported to have "visibly grimaced" at a Literacy Volunteers benefit in New York when **Fran Lebowitz** read aloud from a work in progress about sexual activities at a male homosexual bar. President George Bush's wife sat next to **Tom Wolfe** and told everyone that his "Bonfire of the Vanities" is her favorite book. "As you can see, no social X-ray I," she told the author.

□

The Duchess of York, Prince Andrew's wife, is in West Berlin for her first official visit. She will inspect British troops Friday.

□

Admiral Philippe de Gaulle and his sister **Elizabeth de Boissieu**, son and daughter of **Charles de Gaulle**, have asked a court in Strasbourg to ban a play they perceive as tarnishing his image. The play, "Villa Luco," by the French playwright **Jean-Marie Besset**, is being performed in the city. It describes an imaginary meeting between de Gaulle and **Marshal Philippe Pétain** in November 1945. While de Gaulle was seen as a national hero during both World War II and the postwar period, Pétain was disgraced and died in prison after collaborating with the Nazi occupation of France.

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